

“Flexible work benefits
business and society,
but its future hangs in
the balance...”

REINVENTING THE WORKPLACE

Dan Leighton
Thomas Gregory

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As always, all errors or omissions are our own.

Dan Leighton
Thomas Gregory
July 2011

Foreword: Flexible working is essential for growth

It is in difficult economic times that government and business should make the boldest decisions. We need to keep the long-term firmly in view and that is not always easy. Political leaders of all parties are calling for a culture of greater flexibility in the workplace yet there is understandable nervousness about the pace and direction of change. So this report is timely, and if it does not hold all the answers, it should serve to harden our resolve. If we adapt and learn now when times are tough we will be in a stronger position to grow in the future. It is clear that greater flexibility will be integral to the workplace of the future.

The global landscape of work is changing dramatically. As our economies grow, businesses will need to be agile and responsive to new demands from consumers and employees. It is inevitable. Our 24/7 economy demands flexibility.

That is why adaptable labour markets are essential. They help to ensure that we can respond to the ups and downs of the economic cycle. Most recently, flexible working helped to keep people in employment during the recession. Car manufacturers like Toyota and Jaguar Land Rover were able to maintain production and protect jobs by reducing working hours.

At the John Lewis Partnership we are already voluntarily implementing many of the recommendations in this report – not because the Government wants us to, but because flexible working brings many tangible benefits. It allows us to recognise our employees as individuals as our business grows, and it enables us to retain our best talent – the experienced mother returning from maternity leave, the mature student gaining extra qualifications, the home carer who needs some part-time income. We offer various flexible arrangements – condensed weeks (which allow partners to work four long days instead of five),

time banking and role changes that fit with preferred shift patterns.

But flexible working is a two-way street. As employers place increasing demands on their employees' time – in our case, asking for more weekend and evening hours – we should offer greater flexibility in return. Even for the most dedicated employees, we are only one part of their busy lives. If we make it easier for them, they will be more engaged and productive when they are at work.

Most of us agree with this principle and are looking at ways of modernising workplaces. We know instinctively that a whole new world of virtual working is opening up before us, and with that comes new opportunities.

But legislation around these issues has become a divisive sticking point and it shouldn't be. By its very nature, flexible working cannot be imposed purely from above. It requires commitment and flexible thinking. We believe that flexible working can be delivered most effectively by businesses, in their own way, without the heavy hand of additional new regulation.

Businesses that get this right are putting themselves at a significant competitive advantage over those that do not. To maintain and increase productivity, employees must see the link between their contribution and the success of the business as it grows. They will have deployed the advantages of flexible working in their plans, attracted a keen and equipped workforce, retained the best talent and renewed the psychological contract with their employees.

Charlie Mayfield
John Lewis Partnership
July 2011

Executive summary

This report, which is based on new polling of employees and employers as well as extensive focus groups and structured interviews with managers and employees in ‘vanguard’ businesses, makes the case for safeguarding and extending flexible working practices. This is particularly important in a sluggish economic climate where employment legislation has been cast as a potential barrier to job creation and growth.

The core message is that the Government should be resolute in implementing a maximal rather than a minimal framework for entrenching and extending flexible working practices. These are critical in ensuring that a framework for two-way dialogue between the needs of employers and employees can take place. Yet while the legislation continues to be necessary it will never be sufficient; the ethos and culture of organisations will ultimately determine whether flexible working entitlements can work to the mutual benefit of employers and employees.

It would be short sighted to sacrifice flexible working rights on the altar of short-term economic recovery, particularly because they can be complementary, in that greater availability of flexible working allows for a more inclusive labour market, expanding the size of the labour force and increasing output. Yet it would also betray a dangerously narrow interpretation of the responsibilities employers owe toward not just their employees but also society at large. By learning from vanguard employers, society can forge a settlement on working practices that enshrines flexibility on both sides – employer and employee – in order to reap business and social benefits. Flexibility in the workplace needs to be based on the principles of reciprocity and mutual responsibility between employers and employees in order to reach a mutual accommodation.

Our survey has given us the ability to identify certain barriers, or ‘risk factors’, to flexibility such as firm size and sector. This report draws on our polling, comparing it with other datasets, to construct an image of the modern British workplace and to analyse how risk factors are distributed across the economy. We used varying statistical methodology including regression analysis. Alongside this we draw on structured interviews and focus groups by two major employers, BT and John Lewis Partnership, and a small firm at the vanguard of flexible working, Women Like Us. This allows us to identify the areas of ‘low flexibility’ that policy makers need to address.

The results of our research show that flexible working has become entrenched in the working lives of most people – a substantial achievement for flexible working advocates:

- Today, 91 per cent of employers offer at least one form of flexible working arrangement to their employees.
- Almost 60 per cent of employees stated they currently used a form of flexible working and 83 per cent of requests for flexible working are approved.

Yet our results also present some pessimistic predictions for future expansion:

- 81 per cent of employers did not expect that their organisation would extend flexible working in the next two years.
- Of the firms that currently do not offer any form of flexible working arrangement, 92 per cent said they were unlikely to start offering it in the next two years.
- Half of firms with fewer than 50 employees said they granted less than 1 in 4 flexible working requests.

Compounding the problem is lack of knowledge: 60 per cent of employees did not know who was covered by the legal right to request. Flexible working has also not been able to address many gender-based inequalities. Belying the narrative of the ‘new man’, men were less than half as likely to use flexible working in order to ‘look after children’ than women and 86 per

cent of men said they would not use a longer period of paternity leave if it was offered to them.

It is with the current political context – and the principles of reciprocity and mutual responsibility – in mind that this report arrives at a series of recommendations to Government and employers. It is not sufficient, nor is it likely to be wholly effective, simply to legislate on the bare minimum that employers must do. We must also provide employers with the guidance to make flexibility work for their employees, give recognition and support when they get it right, and join the vanguard and the correct infrastructure to ensure that flexibility is not burdensome for business.

Our recommendations aim to advance a maximal agenda of workplace flexibility, to make flexible working practices a more prominent indicator of corporate social responsibility and to enable men and women to share more equally in their caring and social obligations. Specifically they will:

- extend and normalise flexible working to all employees by making the right to request universal
- enhance shared responsibility between employers and employees through a code of practice
- give recognition to vanguard employers, target support to those struggling to implement flexible working practices and monitor progress to ‘name and shame’ recalcitrant employers
- make shared parental leave affordable for both partners and employers through a contributory ‘carers account’
- extend and formalise carers’ leave
- enable all workers, regardless of status, role or sector, to take up volunteering.

1 Introduction: flexible working in a cold climate

The way Britain works is at a critical juncture. This is particularly true of our approach to flexible working. In the midst of a faltering recovery from a traumatic global economic crisis, the Government's number one priority is job creation and economic growth. It is undertaking a significant programme of reform to employment law to 'deliver growth by breaking down barriers, boosting opportunities and creating the right conditions for businesses to start up and thrive'.¹ Employers' associations have claimed further extensions of flexible working rights are one such barrier to job creation. For example, the chief executive of the British Chambers of Commerce (BCC), David Frost, has argued that 'at a time when the government is looking to reduce unemployment, making further changes to employment legislation is absurd'.²

The narrative from some sections of the business community is that the centrepieces of a more progressive workforce – flexible working in particular – have reached their limits and may even be the luxuries of a booming economy that cannot be sustained as we seek to recover from recession.

The Government itself has sent mixed signals on its intentions for the future of flexible working. It has outlined the importance of flexible working to shared parenting and family life, while at the same time scrapping aspects of flexible working legislation to demonstrate a commitment to getting rid of red tape for employers. Flexible working legislation is variously framed as a social imperative and unnecessary hindrance on business performance.

Having initially promised to extend the right to request flexible working to all in the coalition agreement, the Government appeared to retreat on this by delaying this measure and at the same time rowing back on a promised extension to

parents of children under 18 rather than 17, and removing the obligation to consider existing requests for small businesses. Yet it signalled a return to its original intentions in May 2011, with a publication following a consultation on the modern workplace, which proposes the extension of the right to request flexible working to all employees, together with additional entitlements to maternity and paternity leave. Will the pendulum once again swing in the opposite direction if there is overwhelming opposition from employers in response to the consultation? This report argues that this would be both economically short-sighted and socially irresponsible.

Using immediate economic prospects to frame the viability of extending flexible working rights and practices fails to do justice to phenomena that are driven by long-term social changes and reap long-term gains for employers, employees and society at large. The recession and its impacts will not go on forever. Current projections indicate that by 2020 the rate of unemployment is due to drop to 1.8 million from 2.5 million in 2011. The number of economically active people is expected to reach 32.1 million in 2020, equivalent to an increase of 6.7 per cent from 2005. The economic activity rate of people aged 16 and over is projected to fall to 61.7 per cent in 2020, and the activity rate of people of working age (16–59/64) is projected to rise to 79.8 per cent in 2020.³ In addition, these demographic projections show an aging working population and shrinking talent pipeline made up of people who want greater flexibility over when and how they work. Flexible working provision will be essential for those companies wanting to attract and retain the best talent.

But the justification for flexible working cannot be reduced to the business case or be seen as entirely contingent on it. The case for flexibility stems from a wider need to balance the distribution of people's time between different obligations, needs and desires. The key question is not whether businesses can afford flexible working arrangements but whether in the twenty-first century countries like Britain can afford to forego them. Flexible working is the means to a plurality of vital and positive social outcomes; if unrealised, the state and middle-income households that feel the impact of increased taxation the hardest

will end up being disproportionately burdened. There is now strong evidence to show that more involved parenting improves the life chances of children, a better work–life balance increases individual happiness, a more flexible workforce is more able to bear the burden of an ageing population, and the Big Society will require people to have more time to be active citizens.

While it would be unreasonable to place sole responsibility for the social harms indirectly created by the way people work on employers, it would be equally unreasonable to claim they have no responsibility at all. Corporate social responsibility is best judged according to the extent to which organisations attempt to mitigate the ‘negative externalities’ they may generate in the process of pursuing core business goals. Flexible working arrangements need to be framed more strongly as a social obligation, and employers should do their utmost to respond by meeting the needs of employees half way. And where employers refuse to meet employees half way, there is an important role for government in legislating to enforce a basic framework in which employees can be empowered to start a dialogue with their employers.

The next chapter provides context on the range of long term drivers behind flexible working, the range of practices available and evidence on benefits and barriers to take up. Chapter 3 presents the findings from our quantitative and qualitative research, investigating in greater detail the risk factors that indicate that employees are likely to have low access or usage of flexible working practices and how case study organisations have mitigated such factors. Chapter 4 presents recommendations based on these findings.

2 Flexible working: principles and practices

In this chapter we lay out the defining trends that have changed Britain's workplaces, the causes that have been identified, and the sections of society that may have been left behind. It is not enough simply to argue that 'flexibility is good' – we must understand what has the potential to change working patterns (and has succeeded in doing so).

Jones et al define flexible working in a usefully holistic and encompassing manner:

[Flexible working] is about being able to work in different places, at and for different times (shift systems, longer and shorter hours) and about being able to work in different ways, using technology and the different skills that people have. It is also about moving flexibility away from a singular perspective towards a notion of 'shared' flexibility. Rather than restrict ideas about flexibility to a small number of policies, we argue that flexibility is about being able to achieve desired outcomes in a range of ways, being flexible about how, when and where people work.⁴

From this definition it is possible to suggest that the term 'flexible working' comprises two elements: practices (or policies) that centre on allowing employees to be flexible as to when and where they work – harnessing their skills and new technological advancements to good effect; and principles or ethos, maintaining an adaptable and shared sense of flexibility so that practices can be altered and adapted according to need. This means that the very 'definition of flexibility is itself flexible'.⁵ This understanding of flexible working is also made apparent by the BCC and Chartered Institute of Personnel and Development (CIPD), which in their report *Flexible Working* state that 'flexibility in the workplace means anything that allows either employer or employee to adjust working arrangements'.⁶ Finally,

it is important to note that flexible working does not automatically mean working *fewer* hours; for some individuals, it may mean working more. Definitions of flexible working and work–life balance can mean different things for different people – for some, socio-economic circumstances may mean working more out of financial necessity.⁷

Flexible working as practice

In practice, flexible working arrangements encompass a range of options (box 1). According to the Family Friendly Working Hours Taskforce, these include:

- part-time working
- job-sharing
- flexible hours (or flexitime)
- compressed hours (eg a four-day week)
- term-time working
- working from home
- varying start and finish times.⁸

Another option – one not mentioned above – is the practice of mobile or teleworking.⁹ There are also, according to Isles, the options of:

- time banking
- taking a career break
- working a ‘nine-day fortnight’
- working annualised hours.¹⁰

Isles suggests that – as well as encouraging greater use of flexible working practices – the recession led to many employees opting to take extended holiday or time off on lower or no pay.¹¹

Box 1

Flexible working practices

These are some of the forms of flexible working:

- *part-time working: frequently defined as working for less than 30 hours a week, or for less than the typical working week of a comparable job;¹² according to the Family Friendly Working Hours Taskforce, this is often regarded by employers to mean working at fixed times during the working week – a pattern which, the Taskforce argues, can be too restrictive to adequately meet the needs of employers and employees¹³*
- *job sharing: part-time working when two or more people share responsibility for a job between them¹⁴*
- *flexible hours or flexitime: when employees can choose how to allocate their hours of work across a period of time*
- *varying start and finish times: when employees can choose – within certain limitations – when to begin and end their working day¹⁵*
- *compressed hours: the reallocation of time into fewer and longer blocks during the week or fortnight¹⁶*
- *term-time working: when employees are on a permanent contract, but can take paid or unpaid leave during school holidays¹⁷*
- *career breaks: extended periods of leave or sabbaticals – normally unpaid – for up to five years or more¹⁸*
- *annual hours: when the period within which full-time employees must work is defined over a year¹⁹*
- *mobile working: permits employees to work all or part of the working week at a location remote from their employer's official workplace²⁰*
- *hot-desking: when more than one employee can use a single workstation and desk space as required; used to increase flexibility, efficiency and employee mobility²¹*
- *community working: when an employee is given time off to work in the community*
- *secondment: when an employee is seconded to work in another organisation²²*

Another, perhaps less typical, initiative is:

- ‘duvet days’: *used by staff for employees they feel have worked particularly hard. On ‘duvet days’ employees do not need to set their alarm, but instead can come into the office late in the morning*²³

*Finally, flexible working is also said to include training workers and employees so they can perform a wide range of tasks more effectively.*²⁴

Flexible working as a principle

However, as Viser and Williams argue in *Work-life Balance*, there remain reports of employers who pay ‘lip service’ to flexible working policies and the ideas of a better work–life balance, but fail to make sufficient investment in successfully implementing initiatives.²⁵ They note that although overall many people are achieving a better work–life balance than in the past, ‘there are some worrying variations in availability and take up’.²⁶ The current availability and prevalence of flexible working practices is investigated in more detail in chapter 3.

Such instances notwithstanding, flexible working arrangements seem to enjoy strong support – support that is likely to grow.²⁷ Data cited by Jones et al show some 60 per cent of people support extending the right to request flexible working arrangements to all employees.²⁸ However, the term ‘flexible working’ can also be perceived as encompassing a set of principles against which work is arranged and organised. For many, flexible working is about much more than the nature of working arrangements; it is about having power to decide and shape these arrangements for oneself. Jones et al note that ‘people want flexibility over time and space. They did not want fixed hours but instead expressed a *preference for choosing* which hours they work as long as they could ensure the job was done.’²⁹

Indeed, Richard Reeves places control over working time at the core of a new divide in the labour market. He argues:

It is no longer hours worked that is the issue; it is the ability to dictate those hours. The division in the labour market is not between those who work long

hours and those [who] work short hours; it is between those who are in control of their hours, the 'time sovereigns'; and those for whom hours at work are still laid down, the 'time subjects'.³⁰

There is evidence to suggest that employees place greater value on time sovereignty than they do on their pay level. In an example cited by the BCC and CIPD, employees of the legal services firm PI Costings are said to place considerable value on the ability to determine their own working arrangements and, in this case, such sovereignty can even offset being paid at less competitive levels.³¹

Drivers of change

The proliferation of flexible working is the result of a confluence of diverse social, economic and technological trends. The following five key drivers are of particular importance:

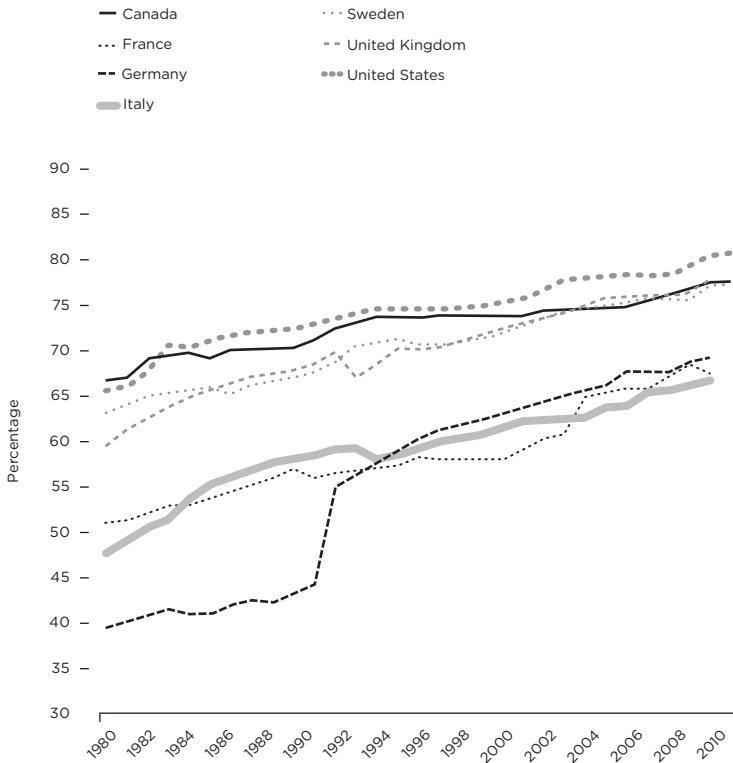
- the shift from a manufacturing-based to a service-centred economy
- the growing presence of women in the work force and older people in society
- rapid technological advancement
- public and political attention to 'work–life balance' debates
- the fallout from the financial crisis.

The rise of the service sector

In the shift to service-based industries from a manufacturing-based economy production-line workers have to be physically present at one spot at more or less the same time.³² Yet high-end service sector workers are not under the same obligation: the designer, the writer and the insurance broker can all work outside normal working hours with relative ease.³³

As figure 1 illustrates, in 2010 almost 80 per cent of employees in the UK were employed in the service sector. This is an increase of nearly a third since 1980. Of the peer nations shown, Britain has the second largest proportion of workers

Figure 1 **The proportion of the workforce employed in the service sector**



Source: OECD data³⁴

employed in its service sector after the USA – overtaking Sweden and Canada in the last 30 years. The service sector, in contrast to manufacturing, allows greater opportunity for work flexibility mainly because it is not involved in the creation of physical outputs.

However, a key gap in our understanding of flexible working is a lack of knowledge about how attitudes and practices differ within sectors and even within companies. It is clear that some sectors lend themselves better to flexibility. It is also clear that one's role is crucially important as a risk factor for inflexibility. The pattern changes across different companies and while broad sectoral pictures may be illustrative they do not accurately describe the variation within the workforce.

Women in the workforce and an ageing population

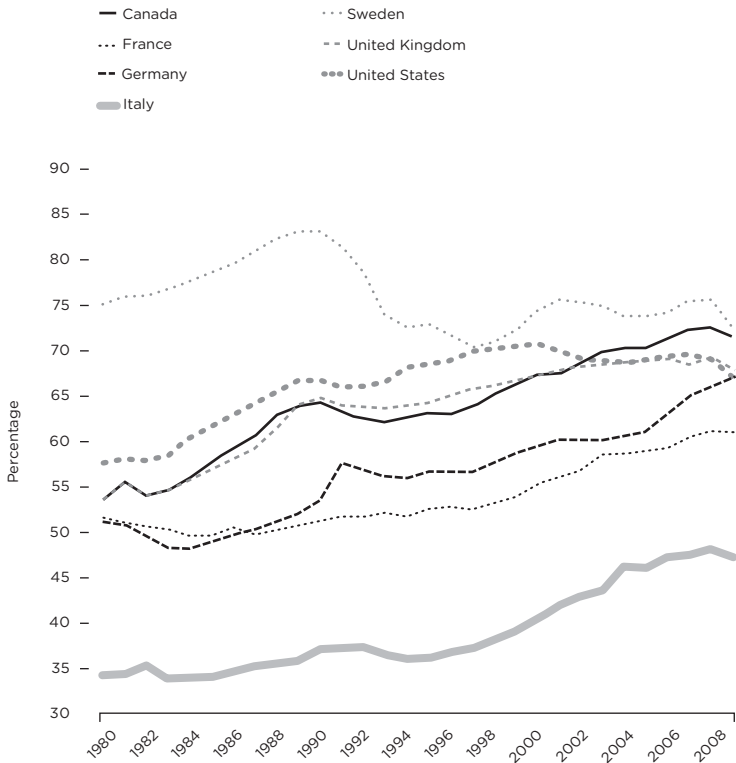
The makeup of our workforce has also changed. In the UK the proportion of women in work has risen from 59 per cent in 1980 to 70 per cent today. Now, the numbers of men and women at work are almost equal, with men performing 12.8 million jobs and women 12.7 million, though almost half of these are part-time. This 'feminisation' of the workforce has forced issues of family management and new debates about work–life balance into public debate.³⁵ This, combined with other demographic changes such as an ageing population and an ageing workforce, has created significant momentum for change.³⁶ Figure 2 shows the number of women in employment as a proportion of the female population in the UK and other countries between 1980 and 2008.

Technological change

The rapid rise of networked computing devices has enabled individuals to work more flexibly – where and when they want.³⁸ According to Isles, 'the advent of cheaper telecommunications, mobile telephony and fast broadband access has made working anytime, anywhere a reality'.³⁹ One such example that is striking in this instance is the case of IBM: less than two-thirds of the company's employees are office-based; 40 per cent work elsewhere.⁴⁰

Again though it is important to note that while 'working anytime or anywhere' may be a reality for those in high end service sector jobs, without a fundamental cultural and

Figure 2 **Women in employment as a proportion of the female population**



Source: OECD data³⁷

organizational change it remains unfeasible for those whose work requires them to be in a specific location or in customer facing roles.

BT is a good example of a large corporation that has successfully embedded aspects of the flexible working agenda in

a way that was enabled by technology, but ultimately embedded through leadership and cultural change. BT found that establishing flexible working practices had a major positive effect on retaining staff and cutting costs. Two measures the company has introduced are allowing 15,000 employees to work from home and equipping 64,000 to work flexibly. Although technology has played a substantial role in enabling BT's flexible working practices, the organisation believes:

Flexible working should be seen as a philosophy of business organisation, rather than a technological issue, comprising every aspect of the company, from its headquarters and international facilities office employees and remote employees, to its physical and intellectual assets, suppliers, partners, and of course, customer.

Box 2 The BT Workstyle project: from flexible to agile working*

One of the largest flexible working projects in Europe, 70,000 BT employees are now involved in the BT Workstyle Project. By 2005, BT was saving €725 million-plus per annum through reductions in its office estate. Within that figure, BT's 11,600 home workers save the company €104 million a year in accommodation costs, and are on average 20 per cent more productive than their office-based colleagues. BT have come to reframe flexible working as part of a wider concept of 'Agile Working', which is about making the best use of the most appropriate workplace locations to enable people to do their job. A re-definition of the term flexible working, Agile Working is based on the principle of selecting a work environment that best suits the individual, not on a rigid definition of the location and hours people can work.†

* Material drawn from BT White Paper, *Flexible Working: Can your company cope without it*, London: BT, 2007. As a multi-national corporation BT lists costs in Euros. To avoid inaccuracy, currencies have not been converted.

† Pedder K, 'Agile Working in BT, People, Property, Technology', presentation by Karl Pedder, Head of Property Services, BT Commercial Partnerships.

Flexibility and competition

The starting point for the project was the recognition that in a digital, networked economy, competitive advantage relies on the ability to anticipate and react quickly to change. BT saw that flexible working would be a key enabler of the required transformation. Caroline Waters, BT Group Director of People and Policy, is clear that consumer expectations have been one of the key drivers of BT's embrace of flexibility as an organisational principle:

We have to satisfy demands for our products and services around-the-clock. There is no room for a traditional nine-to-five working day because that just can't meet the demands placed upon us as a business... It's about freeing our people. For customer-facing staff, the shift to flexible working would allow us to move from a very heavily process-oriented environment to one where our people would be empowered to make real time decisions for the customer.

Key practices and enablers

In addition to the use of remote technology platforms, the enabling factors for the BT Workstyle Project included clear policies and careful measurement, leadership from the top, cultural and behavioural change, and development of the right equipment and workspaces for people's jobs.

A phased approach was taken, with focused projects followed by a broader roll out. Home working is just one of the work styles that BT has implemented in a spectrum that includes nomadic and in-building flexible working around the world.

The Project incorporated the following key elements:

- *A robust, scalable and flexible technology platform
BT's Workstyle Technology Architecture provides platforms for normal flexible working employees, as well as for more specialised staff accessing corporate applications from home or other locations.*

- Creation of a flexible estate and accommodation rationalisation

The company established a number of carefully designed buildings for BT employees around the world, equipped with hot desks and touchdown areas. Employees can now book rooms and facilities in over 170 buildings across the globe. In 2005, BT introduced flexible working in its Budapest office, with employees working an average of three days a week from home. The capacity of the building increased dramatically, from 40 people to 90 people.

The company's flagship BT Centre in the City of London was re-created as a Workstyle building as part of an initiative that saw the closure of six major buildings in London. Now 1,600 workstations cater for 8,000-plus BT staff who choose to visit the building every day to work when they are in the centre of London. The building now acts as a resource for the entire company, UK and international, rather than just as a base for a small employee elite.

- Leadership and culture change

As a board-driven initiative, BT built a flexible working business case with clear milestones and return on investment calculations. Senior executives were then strongly encouraged to be early adopters to demonstrate management commitment.

Early on, a close working relationship was established between HR, estate management and IT. Clear policies and practices were defined and publicised. Mechanisms and processes were put in place to ensure that BT assiduously collected the data necessary to monitor and prove the flexible working business case. Metrics such as quality of service, productivity, staff retention, sickness absence and accidents were employed. The focus shifted from rewarding people's attendance to rewarding their contribution to the business and its customers.

Ensuring a collaborative relationship across all levels of employees was a vital component of the culture enabling the embedding of flexible working. According to David Dunbar:

You can't impose flexible working on individuals. It is effectively a state of mind. Unless employees co-operate willingly and enthusiastically, it won't happen.

Policies were established to enable people to work flexibly in a sustainable way, and significant time and resources were allocated to training. A key focus was on ensuring that managers had the decision-making information to help them through the transition.

The rollout of BT Broadband in the UK was undoubtedly a key factor in the level of support that BT was able to provide to its remote employees. In particular, fast access to the BT corporate intranet was a crucial factor in cultural change. However, the Workstyle project was not just about technology. A number of flexible working arrangements were offered to staff, and managers were actively encouraged throughout the organisation to support flexible working requests, including job sharing, home working, occasional home working, local working (relocating to BT premises nearer home) and flexitime.

In addition, the web has also been used to provide information and guidance on managing and supporting these arrangements. Support facilities are provided through the BT intranet where an 'Achieving the Balance' website contains the complete portfolio of BT flexible working products and services, as well as working pattern alternatives. This enables staff to find out more about flexible working before discussing it further with their line manager. The intranet site also contains practical advice for managers.

Impact

BT's integration of flexibility as an organisational wider practice has produced tangible and substantial results in terms of cost savings, productivity, employee retention and carbon reduction:

- *The proportion of female BT employees in the UK who return to work after taking maternity leave is around 96–99 per cent – more than double the national average. This is estimated to save the company €7.4 million a year in recruitment and induction costs.*
- *Each home worker is reported to save the company £6,000 a year, a total of around £70 million per year.* Home working call centre operators also handle up to 20 per cent more calls than their office-based colleagues.*
- *The absentee rate among flexible workers is down 63 per cent and is now 20 per cent below the UK average.*
- *Cost savings of over €725 million a year through reduced office estate and €104 million a year through reduction in accommodation.*
- *Teleconferencing has eliminated the annual need for over 300,000 face-to-face meetings, leading to savings of over €38.6 million a year.*
- *Avoiding the purchase of approximately 12 million litres of fuel per year, resulting in 54,000 tonnes less CO₂ being generated in the UK.*

* Isles N, *The Good Work Guide: How to make organisations fairer and more effective*, London: Earthscan, 2010.

Striking a balance

In recent decades there has been growing concern about working arrangements constraining people's ability to balance their professional and personal responsibilities, and work–life balance debates have received increasing attention in public and political spheres. According to Visser and Williams:

*Work-life balance is most frequently used to describe the equilibrium between responsibilities at work and responsibilities outside paid work; having a work-life balance means that this equilibrium is in the right position for the individual concerned.*⁴¹

They argue that a poor work–life balance can have deleterious consequences for the individual, resulting in lack of

motivation, stress and ill health.⁴² With this in mind, issues of work–life balance have moved further to the centre of public debate. Jones et al claim that during the last 30 years or so, more and more people have expressed a desire for a better work–life balance and the ability to work more flexibly.⁴³ A survey by PricewaterhouseCoopers conducted in 2010 showed flexible working to be the most valued benefit for employees – more valued than other, material benefits like bonuses.⁴⁴ Of some 1,167 professionals surveyed, nearly half (47 per cent) rated flexible working arrangements as the most important benefit. Performance-related bonuses were rated second (19 per cent).⁴⁵

Furthermore, this survey shows that flexible working arrangements are given greater priority by women (54 per cent ranking it as the most valuable benefit) than men (41 per cent).⁴⁶ Whether or not this variation can be attributed to parenting and childcare responsibilities remains to be seen, but the impact of long working hours and an inadequate work–life balance on parents in particular is integral to wider flexible working debates. According to Hutton, around one in three fathers in the UK works more than 48 hours a week,⁴⁷ and as a result many do not see their children as much as they would like. Data show that some 62 per cent of fathers think that, generally, fathers should spend more time caring for their children, and 51 per cent of working parents felt their relationship with their children would improve if they could work flexibility.⁴⁸

Current flexible working policies for UK parents are briefly set out in box 3.

Box 3 Flexible working policies for parents

Maternity leave: under current arrangements, women in the UK are entitled to 52 weeks of maternity leave, regardless of how long they have worked for their employer.⁴⁹ The first 26 weeks of maternity leave are called Ordinary Maternity Leave (OML). Following the 26-week period, women employees are then able to take an additional 26 weeks' maternity leave called Additional Maternity Leave (AML) (totalling 52 weeks when combined with OML). This must follow directly on from

OML. During this period women are still entitled to the same rights enshrined in their employment contract, but whether they get paid or not is dependent on their contract. While women on maternity leave are not entitled to normal pay, most are able to receive Statutory Maternity Pay (SMP) or Maternity Allowance.⁵⁰ Through Statutory Maternity Pay a mother receives 90 per cent of average gross weekly earnings for the first six weeks followed by 33 weeks at £124.88.

Paternity leave: Men in the UK are entitled to only 2 weeks of ordinary paternity leave (OPL) (paid at £124.88 per week). However, since April 2011 new mothers have been able to transfer the second half of their maternity leave (AML) to the father.⁵¹

Comparatively, Swedish policies appear more generous and seem to strike a better balance between mother and father. Swedish women are entitled to up to 15 weeks of maternity leave, but parents receive a statutory parental allowance for 480 days – of which 420 can be taken by one parent.⁵²

Elsewhere, job protected temporarily reduced hours options are available as part of parental leave in 12 of the 15 EU member states and Norway. In Norway, parents are entitled to paid parental leave full-time for up to one year. Parents are also able to combine this with working anything from 50 percent to 90 per cent of the usual working hours for up to three years.⁵³

In Belgium, an employee can extend their full-time job protection – as part of parental leave for three months – for up to 14 months if they combine it with working 80 per cent of their usual working hours.⁵⁴

Parents in Germany are able to work between 15 and 30 hours per week for up to three years after the birth of a child. By the end of this period they are then entitled to return to a job equivalent to the one they worked in before the child was born.⁵⁵

However, according to Visser and Williams, work–life balance debates have since widened in scope to move beyond

‘family-friendly’ policies – essentially aimed at enabling previously working mothers to balance work and childcare responsibilities and return to employment – in recognition that flexible working is about helping employees access working arrangements that are compatible with other lifestyle responsibilities.⁵⁶

Reeves suggests that such work–life balance debates – which have undoubtedly influenced the increase in attention to and introduction of flexible working practices – are based on a false premise. He proposes that the idea that work and life are separated from one another reflects an out-dated, industrial era mindset, and assumes (wrongly) that most people do not like their jobs.⁵⁷ This mindset ‘assumes that work is dangerous and exploitative drudgery’ and overlooks the possibility ‘that people might actually like their jobs and therefore stick at them longer’.⁵⁸ This point is similarly articulated by Hutton, who says: ‘I would respond in any poll that I want to spend more time with my friends and family, yet continue to inflict long hours on myself. The answer is that I like what I do and, for the most part, I am in control of the hours I work, however many they may be.’⁵⁹

The financial crisis

The financial crisis did much to encourage the proliferation of flexible working practices. According to the Family Friendly Working Hours Taskforce, the recent recession ‘created a climate where there is an even stronger appetite for the business case for flexible working’.⁶⁰ The Taskforce points out that for many businesses and companies the downturn necessitated a shift towards flexible working practices in order to minimise redundancies.⁶¹ In a similar vein, the CBI observes that flexible working ‘proved its worth’ during the recession and claims that, although unemployment rose, ‘unprecedented’ cooperation between employers and employees helped minimise job losses.⁶² And while being encouraged by short-term circumstances, the CIPD suggests that increasing use of flexible working practices could well be something of a long-term effect from the recent recession.

In his CIPD report *Working Hours in the Recession*, Philpott shows that the recession had a dual effect on flexible working, causing a fall in employment, and a shift from full-time to part-time employment.⁶³ Between spring 2008 and spring 2010 full-time employment levels fell 4.1 per cent in the UK, while part-time employment rates rose 4.4 per cent. Philpott gives two explanations for this shift. First, some employees voluntarily opted for shorter working hours, enabling their employers to cut labour costs and, consequently, reduce redundancies. Second, there was an increase in the number and proportion of employees who undertook part-time work because they were unable to secure full-time employment; this shift in working pattern was involuntary for these employees. According to Philpott, the number of people in this situation increased by 400,000 to just over 1 million between spring 2008 and spring 2010. Between March and May 2008 and March and May 2010 the UK experienced a 3.5 per cent net fall (-32.7 million) in weekly working hours.⁶⁴

Legislation and prevalence of practice

*Flexibility is a business issue and legislation on the right to request flexible working has had no effect at all.*⁶⁵

The Coalition Government appeared keen to put forward measures that encouraged companies and businesses to employ greater use of flexible working measures,⁶⁶ and the promise to extend the right to request flexible working practices to all employees was a key pledge in its programme for government, published in May last year.⁶⁷ However, the Government has since sent some confusing signals on its intentions on this issue.

In September 2010, the Government did extend rights to request flexible working, but stopped short of extending it universally. Legislation was to be limited to parents of children under 18 years old (previous policy allowed employees with children under 17 to request flexible working arrangements).⁶⁸ Yet in March 2011, the Government scrapped the extension, on

the grounds of reducing red tape to encourage growth. While this appeared to signal a reversal of its previous commitment, the position appears to have changed again with the consultation on the modern workplace in May 2011.⁶⁹ This once again proposes extending the right to request flexible working to all employees, with an intention to put new legislation into place by 2015. Making the ultimate decision contingent on the consultation response could be seen as way of rowing back on previous commitments or an attempt to bolster support for going ahead with these commitments. Thus at present there is a fair degree of uncertainty on where the Government stands on the question of the extension of existing rights relating to flexible working.

Policies in some European countries are quite different. The Netherlands, Belgium, Germany France and Finland have all introduced statutes that provide the right to request flexible working arrangements to all employees – irrespective of their reasons for seeking a change. It is also possible for employees to challenge their employer in court, should the latter refuse such a request.⁷⁰

Hegewish highlights three different sets of legislative approaches to encouraging flexible working practices:

- statutes that make the right to request conditional to particular activities such as caring for young children or dependent adults
- statutes that provide the right to request as part of protection against discrimination on the basis of sex, or family or caring responsibilities
- statutes that give the right to request to *all* employees, regardless of their reasons

and suggests that the right to request as it stands in the UK falls into the first category.⁷¹

Some advocates of flexible working have expressed deep scepticism about the potential for legislation as an incentive for employers to adopt flexible working patterns. This is emphasised in the BCC and CIPD report *Flexible Working*:

The increased uptake of flexible working has not come about because employers are required to do so by legislation: surveys suggest that two in five employers offer the chance to work flexibly to employees who have no statutory right to ask for it – in many cases, to all employees.⁷²

This is particularly pertinent in the case of small employers, which, the report suggests, are ‘less interested in sophisticated policies than in arrangements that will work and enable individual employees to adopt the patterns of work that suit them best’. Indeed, a very small-scale study cited in the report indicates that legislation to adopt the right to request has failed to ‘persuade’ businesses. Ultimately, ‘flexibility... is a business issue’.⁷³ The Third Work-Life Balance Employer Survey, analysed in a report by the Family Friendly Working Hours Taskforce in 2010, found that the vast majority of employers (92 per cent) would consider a request to change working patterns from *any* employee, despite being legally obliged to only consider the requests of *some* employees.⁷⁴

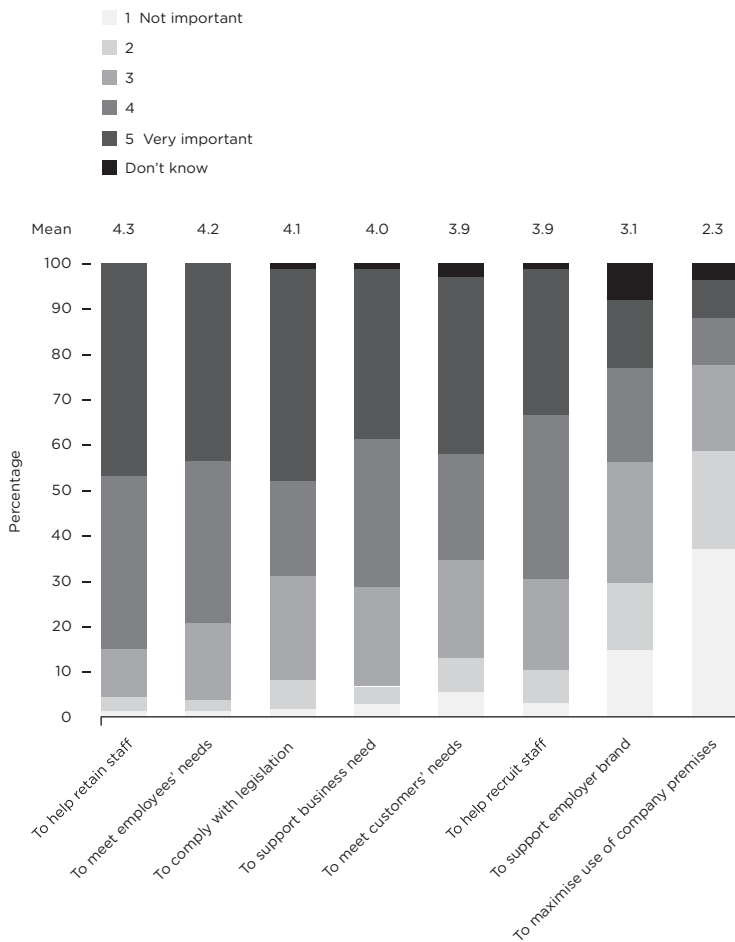
However, the results of a 2005 survey of employers, published by the CIPD, show that government legislation *is* a significant influence on a firm’s decision to adopt flexible working. Of some 564 respondents, 47 per cent said that making use of flexible working ‘to comply with legislation’ was ‘very important’. On a scale of 1 to 5, 1 being ‘not important’ and 5 being ‘very important’, a further 21 per cent ranked complying with legislation at 4.⁷⁵ These findings are reinforced by our own polling, set out in the next chapter.

Benefits and barriers

The rewards

It is clear that the adoption of flexible working arrangements can result in real rewards for employer and employee alike. And while attention has already been paid to the wider socio-economic factors that have acted as drivers of change, encouraging greater use of flexible working, there are also more micro-factors specific to business to be considered. Figure 3, taken from a CIPD survey of employers in 2005, shows there is a

Figure 3 **Reasons why organisations make use of flexible working practices**



Source: CIPD⁷⁶

variety of reasons for businesses introducing flexible working practices.

It shows that staff retention is perceived to be a major benefit of adopting flexible working arrangements. Indeed, retention is often cited in the existing literature as a reason for and benefit of introducing such policies, but there are several others. Visser and Williams suggest they include:

- improving productivity
- improving employee commitment
- reducing absenteeism (from 12 per cent to 2 per cent, according to Unison research)
- increasing retention rates (and reducing replacement costs)
- enabling organisations to recruit from a wider talent pool
- enabling organisations to offer services beyond usual business hours by employing workers on different shifts to fit with any caring responsibilities they may have.⁷⁷

Research by the Family Friendly Working Hours Taskforce supports this. The Taskforce found that evidence ‘demonstrates there is a strong and compelling business case for flexible working’:

- ‘65 per cent of employers said flexible working had a positive effect on recruitment and retention’ (saving recruitment, induction and training costs)
- 70 per cent of employers noted significantly improved employee relations – suggesting greater loyalty among staff
- 58 per cent of small- to medium-sized enterprises (SMEs) reported improved productivity.⁷⁸

Improving productivity is an oft-cited benefit of adopting flexible working patterns. This appears especially apparent in the case of home working. In the case of legal services firm PI Costings, in contrast to office-based employees, individuals working from home achieve efficiencies of 20 per cent or more in output.⁷⁹ The Institute of Directors gives a considerably higher

estimate and suggests that home workers are 65 per cent more productive than their office-based counterparts.⁸⁰

That flexible working practices can have a positive effect on recruitment is also borne out by evidence focusing on employees. According to the Family Friendly Working Hours Taskforce, over half – 54 per cent – of employees considered the availability of flexible working practices as ‘very important’ or ‘quite important’ in their decision whether or not to take up the job.⁸¹ In a similar vein, Jones et al found that some 92 per cent of non-working mothers said that flexible working would be ‘essential’ or ‘important’ in enabling them to return to work.⁸²

Reduced costs are another evident benefit of introducing flexible working practices. According to research conducted in 2000 cited by Jones et al, small businesses saved up to £250,000 by reducing staff turnover through implementing flexible working.⁸³

From the arguments, evidence and information outlined above it is apparent that flexible working practices can lead to a multitude of benefits, such as better staff retention and recruitment, improved employee motivation and commitment, higher productivity and lower costs. However, the benefits to be gained from flexible working are not always enjoyed by the employee – rather, as Jones et al argue, such arrangements can be designed so they only really benefit the employer. Working time flexibility can be organised so that employees are left with little choice over the shifts they work, to the detriment of their lives outside the workplace; or, additionally, workloads can be of a size that any access to flexible working is practically meaningless.⁸⁴ As Visser and Williams point out: ‘when we look at evidence on whether work–life balance policies have achieved all they set out to do and whether people are really able to achieve the work–life balance they want, a different picture emerges’.⁸⁵

The barriers

Despite the rewards that can result from introducing flexible working practices, there appear to remain real barriers

preventing organisations from successfully implementing such arrangements. In some instances, employers may find it difficult to see how to offer flexible working arrangements without putting at risk production or service targets, or causing resentment among other employees.⁸⁶

The CIPD's survey of human resources professionals also sheds some light on problems in implementing flexible working practices. Of the issues highlighted, operational pressures was the most commonly reported: more than two-thirds of respondents identified this as the most important constraint.⁸⁷ A survey of small businesses described by Peacock found that smaller employers find costs to be a significant barrier to adopting flexible and remote working. Of some 5,000 small businesses, 29 per cent felt that the technology required to roll out such programmes effectively was too expensive.⁸⁸

Other issues and potential barriers to introducing flexible working policies include:

- the impact of home working on corporate and client confidentiality
- issues of maintaining data protection and data management when using remote working systems
- problems with managing remote staff and people who are not in the office
- health and safety checks on home workers.⁸⁹

As well as these issues, organisational culture can also pose a significant challenge.⁹⁰ Cultural barriers are covered in the report by the Family Friendly Working Hours Taskforce, which states that a cultural change should increase the number and range of jobs that can be worked flexibly.⁹¹ This would in turn increase the supply of high-quality staff to employers. As the Taskforce points out, many employees are concerned that if they ask to work shorter hours their employer will consider them to be less committed to their job than other workers are. This is particularly a concern for employees working from home.⁹²

The Taskforce also draws attention to the problem of flexible working being seen as something for female employees –

particularly women who are mothers – and not for their male counterparts. As well as perceptions of flexible working being mainly associated with female employees, the cultural fixation with ‘hours’ is also problematic and can inhibit implementation. The Taskforce notes that in the UK there is something of ‘a cultural tendency to solely design and advertise jobs on the basis of hours worked’, rather than consider how such roles could accommodate flexible working arrangements. There is, it claims, a tendency to offer flexible working *reactively*, rather than *proactively*, when designing and developing a job. The Taskforce points to a need for ‘a cultural shift to move managers and employers away from thinking of full-time, fixed hours and location as the norm’.⁹³

Summary

The landscape of work has changed dramatically in modern Britain. Over the course of the last 50 years there has been a radical shift in the number of women who work, the type of work people do and – crucially for this report – when and where they are employed. As we emerge slowly from recession, with an emphasis on growth and job creation, many business advocates claim that flexible working rights have reached a limit that cannot be breached without endangering recovery and inhibiting employers’ willingness to take on new workers. The BCC’s David Frost encapsulates the view that there is a zero sum logic at work here: ‘We have to ask the government what level of growth they expect to see from businesses dealing with yet more regulation.’⁹⁴

The implicit claim that flexible working entitlements are contingent on the economic cycle seriously occludes the longevity and depth of the social and demographic trends which have led to demand for it. The growth of dual earners households, changing expectations and necessities around parenting duties, and an ageing population, form the deep social roots in which flexible working arrangements are embedded. The drivers of change cannot depend only on the economic climate; the evolution of flexible working regulation is unlikely to grind to a halt because of a period of stagnant economic growth.

Beyond downplaying the range of drivers of flexible working, and their social importance, a blanket rejection of further regulation on the grounds that it impedes growth fails to take into account the way in which different organisations adapt or fail to adapt to legislative frameworks.

There are two key reasons for this lack of understanding. The first is that we have not developed a full understanding of what risk factors predispose some employees to working practices that are inflexible or 'brittle'. It is true that employees in small businesses and some sectors are less likely to be offered flexibility than others; however, there are important personal factors too and these must be explored in order to fully understand what drives flexibility and inflexibility. Second, proponents of flexible working have often failed to explain fully what vanguard flexible working organisations have that other employers do not. The next chapter aims to address these deficiencies in our understanding.

3 How brittle are British workplaces?

Demos ran two large-scale surveys to explore the modern British workplace, asking questions to a weighted sample of over 500 employers and over 1,500 employees. The surveys allowed us to better understand the composition and values of the labour force of 2011. It also enabled us to access the relationship between employer and employee, looking at who had autonomy over aspects of their work, how their time was spent and the location of their work.

Our results show that flexible working has become entrenched in the working lives of most people – a substantial achievement for flexible working advocates:

- Today, 91 per cent of employers offer at least one form of flexible working arrangement to their employees.
- Almost 60 per cent of employees stated they currently used a form of flexible working and 83 per cent of requests for flexible working are approved.

Yet our results overall show a mixed picture of flexibility more generally and present some pessimistic predictions for future expansion:

- 81 per cent of employers did not expect that their organisation would extend flexible working in the next two years.
- Of the firms that currently do not offer any form of flexible working arrangement, 92 per cent said they were unlikely to start offering it in the next two years.
- Half of firms with fewer than 50 employees said they granted less than 1 in 4 flexible working requests.

Compounding the problem is lack of knowledge: 60 per cent of employees did not know who was covered by the legal

right to request. Flexible working has also not been able to address many gender-based inequalities. Belying the narrative of the ‘new man’, men were less than half as likely to use flexible working in order to ‘look after children’ than women and 86 per cent of men said they would not use a longer period of paternity leave if it was offered to them.

The surveys have given us the ability to identify certain barriers, or ‘risk factors’, to flexibility such as firm size and sector. This chapter will draw on our polling, comparing it with other datasets, to construct an image of the modern British workplace and will analyse how risk factors are distributed across the economy. We used varying statistical methodology including regression analysis. Alongside this we draw on structured interviews and focus groups by two major employers, BT and John Lewis Partnership, and a small firm at the vanguard of flexible working, Women Like Us. This allows us to identify the areas of ‘low flexibility’ that policy makers need to address.

Through focus groups and structured interviews, we asked two large employers about what they perceived to be the most important reasons for offering flexible working. The feminisation of the workforce was one key driver, not only because women were more likely to request flexible working – particularly mothers returning from maternity leave – but also in order to attract and retain talented women the firms needed to offer flexible working.

The importance of flexibility to women was demonstrated when speaking to a senior human resources manager in a large firm who stated:

My experience, from a head office perspective, is that undoubtedly the biggest source of demand for flexible working is the mother who comes back from paid maternity leave. It's not exclusively, but that is the biggest group which has a demand.

I think I would say 80–90% of women who come back start flexible working. They might want to work full-time for financial reasons but it might also be ‘can I compress my hours’ or ‘can I start early and finish early’?

What the workforce values and wants

In order to understand people's conceptions of 'good work' in our poll we asked employees about what they valued in their working life. What motivates an employee to work can help explain the levels of flexibility they use. The results of the poll are shown in table 1.

Table 1 **What people value about their working life**

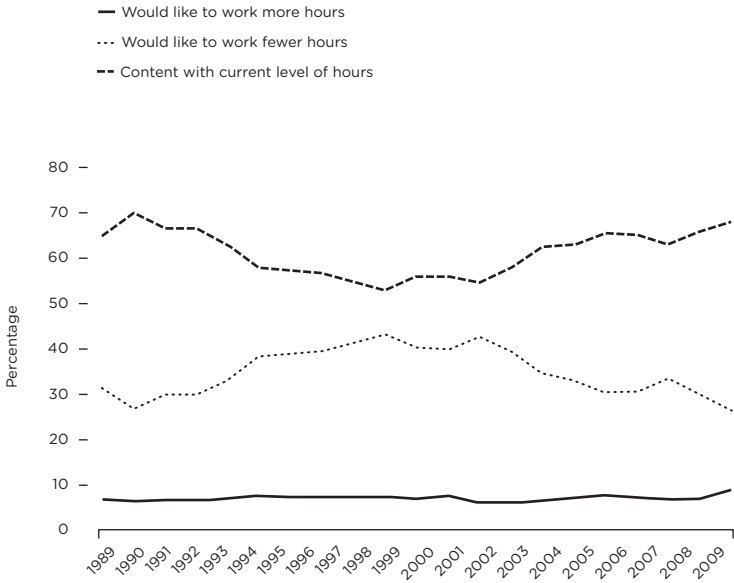
	Proportion of respondents saying it was 'very important'
Salary	49%
That work is personally fulfilling	46%
Having freedom to choose how best to do job	36%
How flexible working arrangements are	31%
That employer is ethical	28%
That you can have a positive impact on society	22%

Source: Demos poll, 2011

These results show that salary is central to most employees' notions of 'good work'. However, not far behind, employees rank the level of fulfilment they have in the work they do. This is followed by factors based on control: choosing how best to do the job and how much control they have over the use of their time. Employees ranked below this the wider social impact of work: having an ethical employer and a positive impact on society. This gives us an idea of employees' hierarchy of motivations for work, or their conceptions of 'good work'. Individuals are concerned first with their material needs, second with their job satisfaction, third with their power and autonomy, and fourth with the social aspects of their work. However, there are variations, for instance women were about 50 per cent more likely to say that flexibility was 'very important' in their working life than men.

The British Social Attitudes (BSA) Survey asks respondents in each of its annual surveys, 'Would you prefer a job where you worked more, less or the same number of hours?'

Figure 4 People's working hour preferences over time



Source: BSA Surveys⁹⁵

Over the past ten years, with the spread of flexible working, and especially following the introduction of the statutory right to request, employees became more content with their working hours (figure 4).

The data show there was increasing dissatisfaction with working times between 1990 and 1998, followed by a levelling out between 1998 and 2001, and after that increasing satisfaction with working times from 2001. It is hard to provide a testable explanation of this change but the increased contentment is likely to be related to the value New Labour placed on allowing flexible working from 2001. In its second term Labour set up a task force to analyse the future of flexible working. By 2003 the

right to request flexible working for certain groups entered law and it was extended several times in subsequent years.

What is particularly interesting is that reported levels of satisfaction with working hours are highest during recessions – in 1990 and 2009. The curve overall is inverse to the economic cycle. In 2007 there was a rise in the proportion of employees wanting to work fewer hours. This figure then fell in the following two years in which the economic crisis hit – and also corresponds with a rise in those who would like to work more hours. This suggests that during periods of higher risk of job loss, people’s priority is not the quality or autonomy they have in their work, but to maintain their job, fitting the hierarchy of motivations or ‘good work’ system presented earlier. As the British economy starts to grow we may therefore expect satisfaction in working hours to fall again.

Access to flexible working arrangements

There has been a substantial expansion in the number of flexible working arrangements employers offer and the take up of flexible working by employees: 91 per cent of employers we surveyed stated that their organisation offered at least one form of flexible working arrangement. This rises to 94 per cent in firms with more than 250 employees.

Employers are offering more forms of flexible working than ever before. The Department for Business, Innovation and Skills (BIS) and partners including ACAS ran the Workplace Employment Relations Survey (WERS) in 1998 and 2004 to understand management–employee relations. Comparing our polling results to the WERS we find a large growth in the provision of several types of flexible working arrangements over time (table 2).

We asked employers their reasons for offering flexible working in order to identify the key drivers of this expansion (table 3).

The most popular reason employers gave for offering employees the possibility of flexible working was ‘retaining staff’, but very few saw it as a wider tool that could be used for

Table 2 **Types of flexible working arrangements offered by managers: Workplace Employment Relations Survey polls in 1998 and 2004 and Demos survey in 2011**

	WERS survey, 1998	WERS survey, 2004	Demos survey, 2011
Part-time working	46%	64%	76%
Flexible hours	19%	26%	55%
Home working	16%	28%	47%
Job sharing	31%	41%	46%
Term-time working	14%	28%	30%
Annualised hours	8%	13%	19%

Source: WERS survey⁹⁶ and Demos poll, 2011

recruitment. As table 3 shows, a number of employers also stated that it helped meet employees' needs and had a positive impact on employee engagement. Particularly important for policy makers is that 'complying with legislation' was one of the most important factors driving the offering of flexible working. Although the right to request is a 'soft right' in the sense it only provides employees with the legal right to request, not have, our research suggests it is a significant driver of flexible working.

Our interviews and focus groups were able to investigate in greater depth, among some of the vanguards of flexible working, the reasons for offering it. Speaking of their experience of what drove the implementation of flexible working policies in their firm, a senior manager in a large firm told us:

Clearly the driver of the change was the legal aspect and its application to employment law. I don't think that's a surprise to anyone. It was passed and we had to implement it.

Yet among the employers we interviewed, legislation was seen as a nudge to go further than the statutory minimum of 'reasonable' consideration of a request and forced employers

Table 3 **The most important reasons for employers in the UK offering flexible working, 2011**

Reason for offering flexible working	
To retain staff	23%
To meet employees' needs	22%
To comply with legislation	21%
To have a positive impact on employee engagement	16%
To support the organisation's needs	9%
To meet customer needs	5%
To recruit staff	3%
To support the employer brand	1%

Source: Demos poll, 2011

seriously to consider how best to meet employees' needs. We interviewed a senior personnel partner in John Lewis head office who had been on the steering group for the firm's flexibly working policy. She said:

I was on the working group for the Partnership's flexible working policy. My memory is that there was a piece of legislation and so we had to look at how we were going to implement that and how it was going to work – rights to appeals and timing and things like that. So it was about taking that legislation and putting it into a policy. My recollection about extending it to all employees is that it is not something that was discussed with all employees, but I think it was part of the working group which decided 'you know what, I know this is what we need to do in terms of the legal right but I feel what is right to do is to extend that to everyone'. There would never be any push back on that because employees would be delighted.

She believed that the legal changes were important in forcing John Lewis to engage with the flexible working agenda, but that this combined with John Lewis' focus on partner wellbeing, and led the company to go further than the statutory minimum. A branch manager we spoke to at a John Lewis store echoed this view:

There was a government policy at the time, I think around parental leave, that was about to be ahead of where we were at that point and so it was decided by the person in charge that, because greater flexible working would be the direction of travel, it should be something that is supported more widely. It got us in the right place earlier and showed partners that we were trying to do the best for them. It was win-win.

Yet as well as meeting legislative needs, employers we spoke to explained that it was an important tool to maintain skilled staff. A human resources manager at a large firm told us that being able to offer flexible working was central to retaining skilled staff and therefore made good business sense:

There was also a clear business case for flexible working, in regards of retention, which drove our policies. I think what we're saying is that 'if we've got these staff, we've trained them, they're happy here and we're happy with them' then if they make a request, why wouldn't we try to accommodate them if we can? We want the best people to be here.

Although using flexible working as a recruitment tool was not cited as very significant in our survey, our qualitative research of the small employer Women Like Us has shown that it can be important for some businesses. Women Like Us is a recruitment consultancy that helps employers match their needs with women who need flexibility. Women Like Us has a highly flexible workforce – 25 of its 29 members of staff work part-time and all work flexibly, for example working from home. The head of recruitment at Women Like Us told us:

By offering such flexibility I think we've been able to get some really talented, skilled staff that we wouldn't have been able to get otherwise. So it's kind of an imperative for us really. There are so few employers who offer the kind of flexibility that we can offer, that we find it really widens out the candidate pool.

She also argued that the benefits of allowing flexible working are particularly important for the small businesses for which Women Like Us provides a recruitment service:

We don't ask employers to feel sorry for someone they haven't met yet and we don't ask them to be accommodating to someone because that individual candidate needs flexibility. We ask instead for them to think about the business benefits of getting a £40k marketing manager for £20k because they're only working half time in the week. And that kind of messaging is quite strong, I think particularly for small businesses, particularly in the current climate. It's very appealing to think that you can get a high level of skills into the business and access a new pool of candidates, and particularly at the moment candidates are often drawn towards bigger firms where there seems to be more job security. And that's a key selling point to employers: you have one member of the team who is an ex-lawyer, another one from a research background, and so on, and that does actually really work for employers.

Our research also showed that flexible working can be used to increase productivity and has been used to reduce business costs. More than one in five (21 per cent) of employers we surveyed admitted that flexible working had been introduced in recent years to 'cut costs or avoid redundancies'. This was most common in manufacturing and pharmaceuticals (39 per cent), public administration (31 per cent) and education (30 per cent). Of the employers who admitted to introducing flexible working to cut costs or avoid redundancies, 16 per cent said it was made compulsory.

Our focus groups also showed that offering more flexibility can help improve commitment and productivity levels. Our research found that when a business is more responsive to the needs of employees, employees are more willing to be responsive to the needs of the business. A partner who had worked in the menswear section of a John Lewis branch and had been with the partnership for 21 years said:

You feel very committed if you work flexibly. I know it means I have to complete my work in certain hours now I work flexibly. It's partly because the Partnership's been good to me so I'd like to be good to them.

A culture of flexible working can therefore help build a relationship of reciprocity that serves business and employee

needs. We found a similar response in the small business we spoke to. The head of recruitment at Women Like Us argued that flexibility led to higher commitment and engagement:

I think we get a strong level of commitment because of our flexible working arrangements. I really do. And I think that's partly because of – which is obviously something we're trying to address – the limited availability of part-time, high skilled, interesting jobs out there. So I think when someone finds a job that uses their skills, in an environment that's interesting and engaging, and they manage to get a pattern of hours that works for them, so they can have that balance in their life, I think you get a really high level of engagement. It's a fabulous moment that's not standard in the workplace, I would say. So I think you certainly, in terms of the kind of a psychological contract, you get a lot of commitment because the business is more attractive to be in.

However, this can mean that employees take on greater workloads and this can lead to increased work pressure. Research on a cohort of professional workers found that although those working flexible hours had greater levels of job satisfaction they also experienced greater work intensification.⁹⁷ For instance, those who worked from home were more likely to work longer hours. As a middle level manager in a large organisation stated, it requires the worker to try and balance the demands of their work in a smaller time period:

If you are volunteering to reduce your hours, in reality you work harder to make up your lost hours. I work compressed hours and I have to work faster and harder. I think that there are a minimum number of hours I need to do my job.

However, despite the growth in the amount of flexible working being offered, our polling of employers indicates that this expansion in flexible working may stall: 81 per cent of employers stated that they did not expect that their organisation would extend flexible working in the next two years. This figure rises to 91 per cent among firms with less than 50 employees. The most common reasons employers gave for not offering more

flexible working were ‘operational pressures’ and ‘customer service requirements’ (both in excess of 50 per cent), followed by ‘financial constraints’ at 28 per cent.

As table 2 illustrates, the most common form of flexible working arrangement that employers offer is part-time working. The UK has offered employees the opportunity to work part-time far more frequently than its peer nations, though a distinction exists between ‘voluntary’ and ‘involuntary’ part-time working. ‘Voluntary’ part-time workers are those who choose to work part-time out of preference, while ‘involuntary’ part-time workers are those currently working part-time who would prefer to work full-time. In our poll we looked at voluntary part-time working, which makes up over 80 per cent of part-time working, in order to understand preferences for flexible working (figure 5).

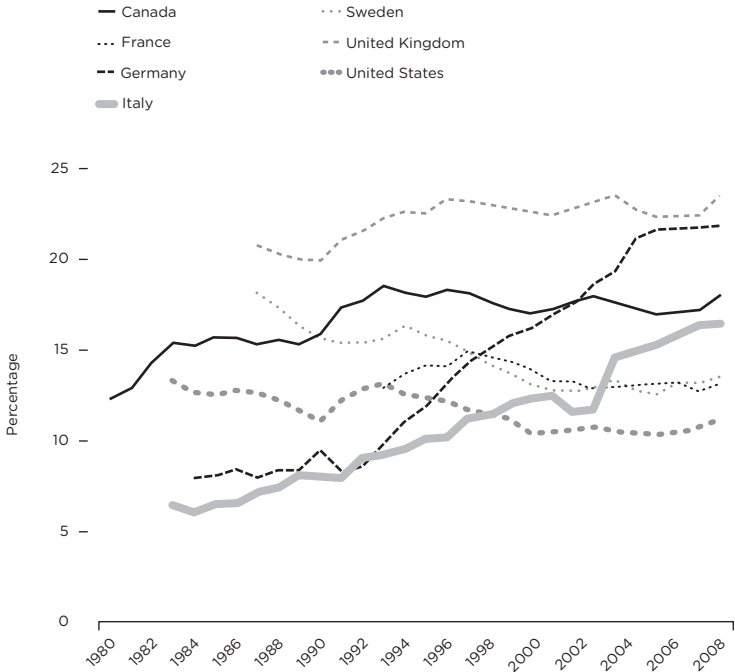
The statistics show that voluntary part-time working has increased steadily if not dramatically. This has been one of the factors that has enabled women to have a greater presence in the labour market as they can balance work with childcare demands. Our results show that 28 per cent of women work part-time compared with just 7 per cent of men.

However, while the data indicate that the provision of flexible working arrangements has substantially expanded over time, there has been considerable variation in provision depending on the size of the firm and industry. For instance, while 52 per cent of large firms offer career breaks, only 8 per cent of small firms do. Similarly, while 76 per cent of employers in healthcare and social work offer flexible working to all employees, only 25 per cent of manufacturers do.

Knowledge of flexible working arrangements

Our quantitative research suggests that levels of awareness of flexible working among employees has increased but there are still large gaps in their knowledge about what the legal right to request flexible working covers and what their workplace offers. More than two-thirds (71 per cent) of employers stated that their employees’ awareness of their rights to request flexible working

Figure 5 **Voluntary part-time working as proportion of total employment**



Source: OECD data⁹⁸

had increased over the past five years. However, almost 60 per cent of employees surveyed did not know who was covered in the legal right to request flexible working. Most believed it was far more extensive than it is, supposing that it covers all employees.

Our results show there is a severe lack of knowledge among employees about what flexible working arrangements their employer offered. As the employers we surveyed did not directly correspond to employees surveyed there is no direct correlation

between our results, despite being a weighted survey. However, employees significantly underestimated the availability of every form of flexible working arrangement, suggesting there is a substantial lack of knowledge about workplace flexible working arrangements on offer (table 4).

Use of flexible working arrangements

Employees are more likely to be allowed to work flexibly than in the past and they are increasingly taking up the opportunity. In our survey 56 per cent of employees said they worked flexibly, and this figure rises to 62 per cent for women. Certain forms of flexible working arrangement are used far more than others (table 4).

Table 4 **The flexible working arrangements employers in the UK offer and what employees think employers offer**

	Employers stating organisation offers flexible working arrangement	Employees stating organisation offers flexible working arrangement	Difference
Part-time working	76%	52%	-24
Varying start and finish times	68%	43%	-25
Flexible hours	55%	34%	-21
Working from home	47%	26%	-21
Compressed hours (eg 4 day week)	41%	21%	-20
Career breaks	35%	21%	-14
Term-time working	30%	12%	-18
Annualised hours	19%	7%	-12
Time banking	15%	7%	-8
Working a 'nine-day fortnight'	14%	6%	-8
Job-sharing	46%	24%	-22
None of these - no flexible working offered	8%	15%	+7
Don't know	1%	10%	+9

Source: Demos poll, 2011

Part-time working is the most widely offered form of flexible working arrangement, but only the third most popular. Although it is not the most widely offered, the most frequently used type of flexible working arrangement was 'varying start and finish times'. Over 25 per cent of the respondents who worked flexibly used this form of flexible working. The four most popular forms of flexible working arrangements – varying start and finish times, flexible hours, part-time working and working from home – make up over 80 per cent of flexible arrangements used. Despite the wide range of possible arrangements and the fact that employers increasingly offer them, other forms of flexible working, such as compressed hours and time banking, are rarely used. Their use also varies by level of seniority in the firm; more senior employees are more likely to work from home while lower level employees engage more in part-time working.

We asked employees which forms of flexible working they believed would help their work–life balance. Flexible hours was identified as the most useful flexible working arrangement to aid work–life balance, followed by varying start and finish times. Working from home was identified as the next most useful. This was by far the most popular among parents with young children.

Our survey also asked employees who worked flexibly why they did so, and employees who do not work flexibly why they did not. Respondents could select a number of reasons. Of those who worked flexibly, nearly half (49 per cent) said that they used flexible working 'to make life easier', 37 per cent wanted 'to have more free time' and 25 per cent wanted 'to spend more time with children or family'. Women were twice as likely to want 'to spend more time with children or family' than men – 33 per cent of women gave this reason compared with just 16 per cent of men. Only 9 per cent of respondents said they worked flexibly because of the cost of childcare, but this figure rose to 14 per cent for women compared with 3 per cent for men.

Of those who did not work flexibly, 33 per cent said 'it's not a priority for me', 31 per cent said it was 'impractical given the nature of the job' and 30 per cent said it was not available from

their current employer. Those working in banking, finance and insurance were the most likely to say that it was not available from the current employer (39 per cent), followed by transport, information and communication (35 per cent). Similarly, the most common response by those working flexibly for why they were not working more flexibly was that it is ‘impractical given the nature of the job’ (29 per cent).

Our survey shows that 79 per cent of requests to work flexible hours were made informally, for example in a conversation with a manager. This figure rises to 89 per cent among small firms with fewer than 50 employees, and 83 per cent of all applications were approved. The most commonly rejected request was for flexible hours (37 per cent) followed by varying start and finish times (17 per cent).

Risk factors

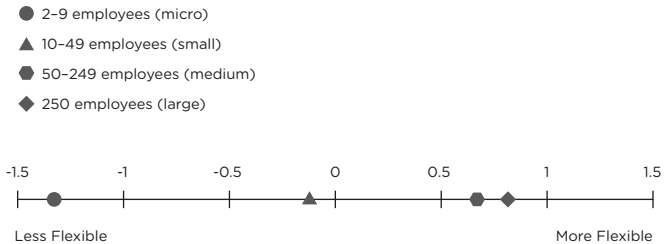
Although flexibility has become a reality for most, the ability to work flexibly is not equally distributed across individuals and workplaces. There are barriers to flexibility, or ‘risk factors’, for certain employees. The ‘risk factors’ fall into two main groups: organisational and personal. Organisational risk factors are those that are dependent on the firm, including the sector and size of the firm. Generally the larger the firm and the more high-end service the industry, the greater the flexibility that the employee can access. Personal risk is concerned with the characteristics of the individual, which makes them more likely to work flexibly. These factors include job role, gender and age. Plotting the levels of risk we find that there are significant disparities in flexibility between individuals and workplaces.

Organisational risk factors

Firm size

The size of a firm correlates with the degree to which flexible working arrangements are available (figure 6). The smaller the firm the greater the likelihood that the employer does not offer any forms of flexible working arrangements (table 5).

Figure 6 Degree of flexibility in working hours for different sized firms



Note: Scale based on standard deviations from mean
 Source: Demos poll, 2011

Micro firms (with fewer than ten employees) are over three times more likely not to offer any form of flexible working arrangement than medium-sized firms (with 50–249 employees) and large firms (with 250 or more employees). However, the picture is more complicated than this finding would suggest. Although over 16 per cent of micro firms do not offer any form of flexible working arrangement, employees working in micro firms are among the most flexible employees – they are more likely to be engaged in a flexible working arrangement than a firm of any other size.

As these results show, employees working in micro firms are about 20 percentage points more likely to be working flexibly than employees in a small or medium-sized firm and almost 15 percentage points more likely than those in a large firm.

We also asked employers about their estimated rate of acceptance of flexible working requests. Smaller firms were more likely to accept a request: 86 per cent of flexible working requests in small firms with fewer than 50 employees were accepted compared with 70 per cent in large firms with more than 250 employees. Therefore, and seemingly paradoxically, while micro firms give some of the lowest levels of access to flexible working arrangements, they simultaneously have the highest proportion of employees working flexibly.

Table 5 **Proportion of employees in the UK with a flexible working arrangement in different-sized firms**

Number of employees in firm	Proportion of employees with a flexible working arrangement
2-9 (micro)	67.4%
10-49 (small)	49.1%
50-249 (medium)	49.4%
250+	55.9%

Source: Demos poll, 2011

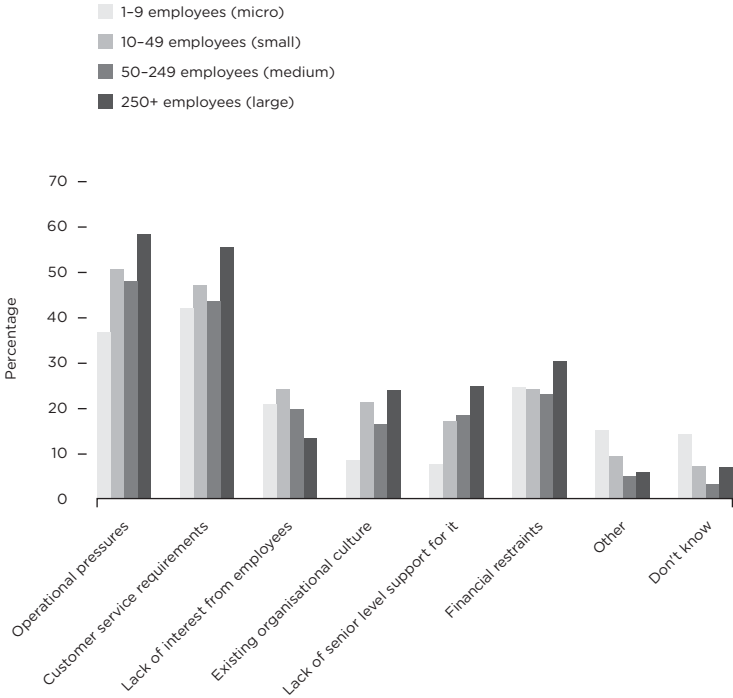
Some employer groups have argued that the statutory right to request flexible working is particularly burdensome for small businesses that do not have a dedicated human resources function. Yet there are small business flexible-working vanguards who argue that their scale actually allows them to be more flexible. Speaking to the small employer Women Like Us about how the company found its scale affected its ability to offer flexible working hours, the head of recruitment stated:

I actually think in some ways it's a bit easier for small businesses because, particularly growing ones, we're so dynamic and evolving that it's not like there's a massive human resources policy framework to fit into, that kind of overarching set of precedents that people come into. We really take things case by case and work out what's right for the business and the individual at this moment in time. So I think in some ways having less structure and policy in place makes it a bit easier to implement. Although having said that, in bigger businesses you have a lot more support available for the individual and the manager, so I'm guessing it cuts both ways.

In our survey we asked employers what they believed the constraints were on their firm offering more flexible working (figure 7).

The overall distribution of reasons employers gave for not offering more flexible working was broadly similar for all sizes of firms. This suggests that scale is not in itself a major barrier to

Figure 7 **Reasons given by employers for not offering more flexible working**



Source: Demos poll, 2011

the expansion of flexible working. However, indirect factors associated with scale may be a barrier. They may include lack of knowledge of flexible working arrangements and lack of a dedicated human resources function for micro firms. The results clearly show that while respondents in larger firms cited more ‘conventional’ reasons for not offering more flexible working, such as ‘operational pressures’, those in micro firms were more

likely to say either that they did not know why they didn't offer more or said there was an 'other reason'. For small and micro firms the person answering the questionnaire was more likely to be the business owner and therefore their lack of knowledge about why they do not offer more flexibility is significant. In larger firms someone in human resources is more likely to have answered the survey.

We asked respondents whether their requests for flexible working were rejected. Our results show that medium-sized firms – firms with between 50 and 249 employees – were the most likely to reject a flexible working request (figure 8).

Our results show that medium firms were twice as likely as a small firm and about one and a half times more likely than a large firm to reject a flexible working request.

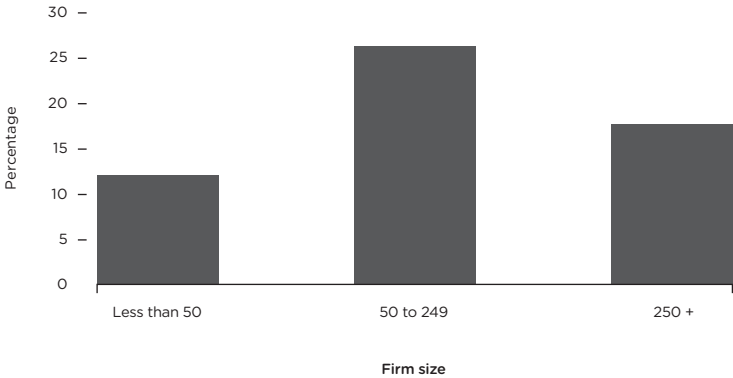
As stated earlier, flexible working requests are predominantly agreed informally: 79 per cent of those who had made a request had done so informally, for instance through a discussion with their manager, not involving human resources staff. This is even more likely to be the case in smaller firms, where 89 per cent of requests for flexible working in firms with fewer than 50 employees are made informally compared with 75 per cent among firms with more than 250 employees.

Further, employers in small firms were far more likely to encourage informal requests for flexible working than employers in large firms: 66 per cent of employers in firms with fewer than 50 employees stated that they encourage the handling of requests for flexible working without the need for a formal process, compared with 38 per cent among employers in firms with between 50 and 249 employees, and 22 per cent among firms with more than 250 employees.

A human resources manager at a large firm said:

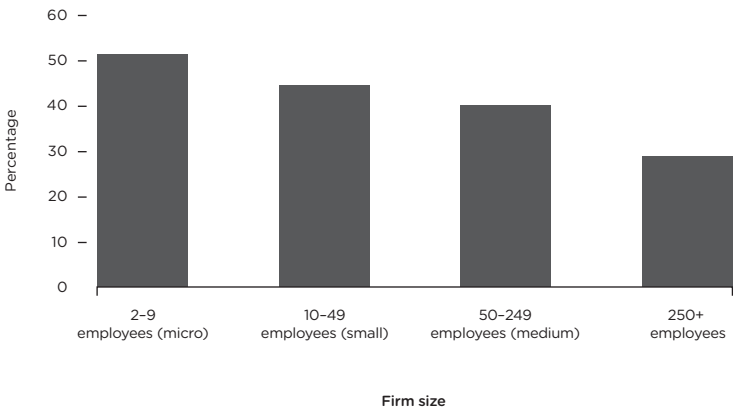
We do try to discourage it [informal flexible working arrangements], for the partner. Because if anything happens to them we don't know what's agreed. All we've got to go on is their contractual arrangement and often if changing working patterns are not formalised then you get in a mess with all sorts of things. Therefore we far prefer a thing put into a formal request because then the partner's protected.

Figure 8 **Proportion of employees in the UK who had flexible working requests rejected, by size of employer**



Source: Demos poll, 2011

Figure 9 **Proportion of employees who say they have 'a lot' of control over how their working time is allocated**



Source: Demos poll, 2011

This illustrates that in a large firm there are fears that a request is not addressed properly if it is not made formally. In contrast, the human resources manager in the small firm we spoke to said that it was the norm to promote and arrange flexible working informally:

A lot of the requests are informal conversations between a member of staff and their manager rather than a formal flexible working request in line with the right to request kind of thing... We tend to have quite an informal approach.

The size of a firm also correlates strongly with employees' subjective control over how their working time is allocated. The smaller the firm the more likely the employee is to state they have 'a lot' of control over how their working time is allocated (figure 9).

Figure 10 illustrates the negative correlation between the size and subjective control an employee has over their working time. As the earlier analysis of employees' conceptions of 'good work' showed, 'control over working time' is an important aspect of what people value in their working life. Therefore we may expect that the larger the firm, the greater difficulty there is for employees to be satisfied with this dimension of their working life. Yet, as our qualitative research shows, this often depends on the structure of the firm. Our focus groups at John Lewis probed employees about their experience of working in a partnership. The participants described the higher level of control they had, through democratic channels, over wide aspects of their work. This included, to an extent, store opening hours. Several argued that this made employees feel more empowered over their work and working times. A new partner in one of our focus groups at John Lewis Kingston told us:

I used to work for a small PR company. You knew everyone in the office. You knew when people were in and when they were out. And being small meant that we had more control, to some extent, over when we were in the office. There was so much flexibility. John Lewis, in contrast, is a

massive company. But by being a partnership it makes you feel like you're working for a small company even though you're working for a big company.

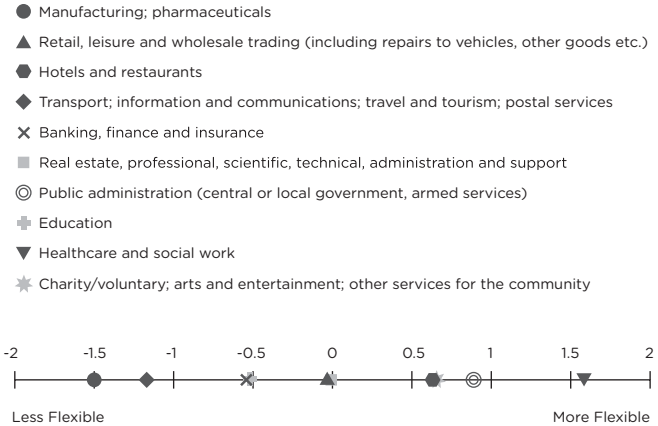
Our research also shows, therefore, that the organisation of the firm is an important aspect of the flexible working debate.⁹⁹ In order to 'reinvent the workplace' ownership structures must be looked at.

Sector

The availability of flexible working arrangements differs between sectors. Our survey focused on employers and employees in various parts of the service and manufacturing sectors. We focused particularly on the service sector, partly because it predominates in Britain, but also because it includes a large spectrum of industries and lends itself well to flexible working. We included manufacturing to compare how well the service sector does in comparison. Our results show that employers in manufacturing and transport are five times less likely to offer any form of flexible working arrangement than those in public administration. Overall the firms in the higher-end service sector are more likely to offer access to flexible working arrangements and employees are more likely to use them (figure 10).

The differences in degree of availability of flexible working arrangements provided by different employers may reflect differing business environments and needs. We asked employers in different sectors the reasons why they do not offer more flexible working and the types of flexible working arrangements they do offer. 'Operational pressures' was the most frequently cited reason for not offering more flexible working arrangements, given by 53 per cent of employers overall, but by 72 per cent among transport employers and 73 per cent among public administration employers. In contrast only 17 per cent of employers in the banking, finance and insurance sector gave it as a reason. For banks, customer service was the most common reason (given by 46 per cent of bank, finance and insurance employers) for not offering more flexible working arrangements. This figure rose to 74 per cent among hotel and restaurant

Figure 10 **Degree of access employees have to flexible working arrangements in different sectors**



employers. The most common reason for not offering more flexible working in manufacturing was ‘lack of senior level support for it’, almost three times higher than in any other sector. Financial restraints were only cited as a reason by 28 per cent of employers.¹⁰⁰

Our qualitative research found that market pressures were one of the key factors shaping what flexibility was offered in the retail market. One senior partner at John Lewis Partnership who had worked in many different parts of the business told us about how the expansion of trading hours led to the increased prevalence, and then dominance, of part-time working:

I joined 21 years ago – Waitrose, I think in those days had one late night a week and I don’t think we traded Sundays. Then we started trading Sundays, and then depending where you worked the late nights became more frequent. I worked in some of the London branches where there were more

late nights. Now there are even more late nights and the suburbs have started doing the late nights as well. When I started at John Lewis it was Tuesday to Saturday for the vast majority of branches and I think they did one late night. Most employees were full-timers who did Tuesday to Saturdays. So the only part-timers you had would be to supplement some Saturday staff and the late night on Thursday. You didn't have loads of part-timers. Whereas now most [of] John Lewis' [staff work] 7 days a week, most of them will have 2-3 late nights a week. One or two of them will have far more late nights. I think now, actually, that they also realise the benefits in terms of cost savings of having part-timers just doing hours when they need them. So they will do it branch by branch according to their peak trading time. Whilst in the old days at Waitrose you had people on checkouts doing 10-2 which you know were the mature ladies doing the nice hours - well I think you've got a lot less of that now. If you're a London branch then most of your trade is early evening when people are coming out of work.

This dominance of part-time working is not found on such a scale anywhere else in the service sector and illustrates how flexible working can be used to meet the needs of the sector.

Not only do certain sectors offer fewer flexible working arrangements than others, but the types of flexible working arrangements employers offer also differ between sectors. Part-time working is over twice as frequently offered to staff working in hotels and restaurants as to those working in public administration and banking, finance and insurance. Similarly, and unsurprisingly, retail, hotels and restaurants are 75 per cent less likely to offer working from home as part of their flexible working arrangements as banking, finance and insurance, and administrative and support services, because it is not feasible in those sectors. Hotels and restaurant employers are two and a half times more likely to offer varying start and finish times than they are to offer flexible hours. This illustrates how some types of flexible working arrangements are more suited to certain sectors than others.

Some sectors offer a far broader set of flexible working arrangements than others. For instance, part-time working and varying start and finish times make up in excess of 55 per cent of all forms of flexible working arrangements that hotels and

restaurants offer, whereas employers in public administration, healthcare and social work offer a far more comprehensive set of flexible working arrangements. The three most popular forms of flexible working offered by public administration employers (part-time working, varying start and finish times and flexible hours) make up just 42 per cent of the total forms of flexible working arrangements available and 42 per cent of those in healthcare and social work.¹⁰¹

Finally, certain sectors are far more likely to reject a request for flexible working than others according to our polling (table 6).

Table 6 Proportion of employees in the UK who had requests to work flexible hours rejected, by sector

Sector	Proportion of requests to work flexible hours rejected
Real estate, professional, scientific, technical, administration and support	23%
Hotels and restaurants	21%
Public administration (central or local government, armed services)	18%
Education	18%
Healthcare and social work	17%
Average	17%
Manufacturing; pharmaceuticals	17%
Retail, leisure and wholesale trading (including repairs to vehicles, other goods etc.)	15%
Transport; information and communications; travel & tourism; postal services	14
Banking, finance and insurance	11
Charity and voluntary; arts and entertainment; other services for the community	6

Source: Demos poll, 2011

Almost 25 per cent of employees who work in administrative support and 22 per cent of employees who work in hotels and restaurants had their request to work flexibly rejected. This rate of rejection was over four times more than for

those working in the charity sector. This is likely to be barrier for those with caring needs.

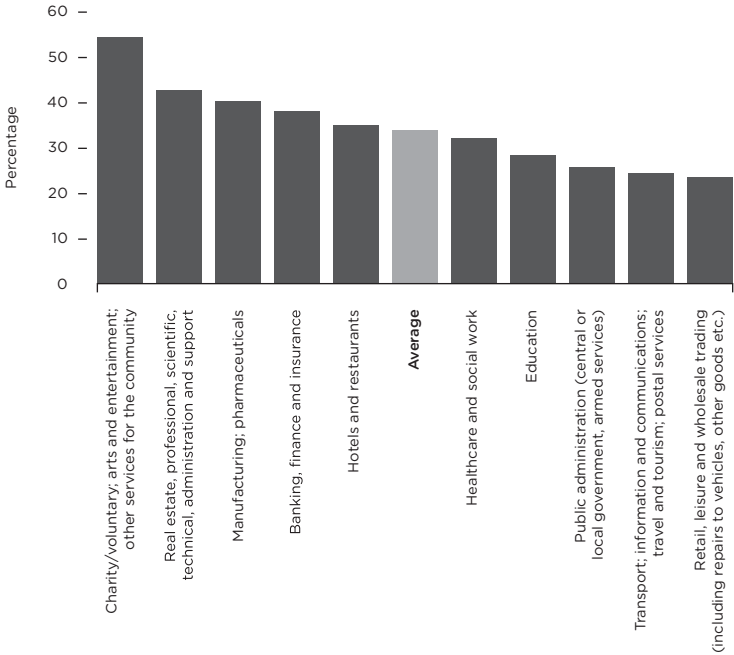
There are also sectoral differences in the levels of autonomy employees have. In our survey we asked respondents about their perception of how much control they have over their working time and their level of satisfaction about their control. There were large differences in response according to sector. Employees working in charities were almost twice as likely to say that they had ‘a lot’ of control over their working times as employees working in retail (figure 11).

However, some results were surprising, particularly the high score for those working in manufacturing. It may reflect differing perceptions of ‘control’.

When we analyse differences between sectors it is also important to address the issue of ‘self-selection’. People often choose or ‘select’ the sector they are employed in, in the knowledge of the sort of lifestyle involved. For instance, those working in banking came fourth of the sectors looked at in their rating of how much control they felt they had over their working time, but came top when we asked them about their satisfaction over the amount of choice they have in how their working time is allocated. Those working in banking were among the most likely to state that their ‘salary’ was very important to their working life, and flexible working was less important. This illustrates that some employees relinquish a degree of control in order to enter the industry they want to work in, and maintain their satisfaction in this industry.

This is more likely to be the case for individuals who can work in high-end service sector jobs. Those working in retail reported the lowest level of control over their working time and also the lowest level of satisfaction over it. Similarly those working in transport, another lower-end service sector, reported the second lowest level of control over their working times and the second lowest level of satisfaction in their control over how their working time is allocated. However, this finding is not true for all industries, for instance those working in manufacturing cited a high level of control in how their working time is allocated but were less likely to be satisfied about the level of

Figure 11 **Proportion of employees stating that they have ‘a lot’ of control over their working time, by sector**

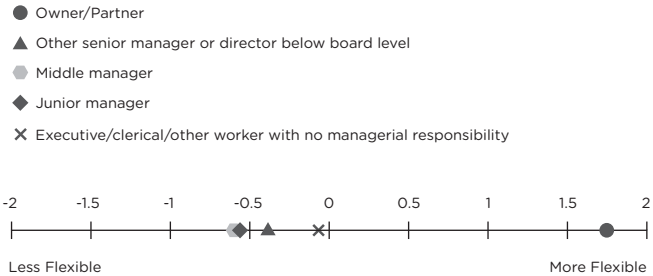


Source: Demos poll, 2011

choice they had in how their working time was allocated.

Further, the impact of self-selection is illustrated in the reasons employees gave for not working flexibly. More than one-third (36 per cent) of those working in manufacturing, a sector where employees have only limited access to flexible working arrangements, said that flexible working ‘is not a priority’ for them, compared with 23 per cent of those who work in public administration, which is a far more flexible industry.¹⁰²

Figure 12 **Scale of flexibility over working hours in UK, by level of seniority of employee**



Based on standard deviations from mean
Source: Demos poll, 2011

There are promising signs in some traditionally high-risk sectors that flexible working will be expanded: 19 per cent of employers overall stated they believed that their organisation would extend the level of flexible working in the next two years, and this rises to 35 per cent among manufacturers and 23 per cent among retailers.

Individual risk factors

There is variation in the amount of flexibility given to individuals as certain characteristics are more likely to determine whether an employer is allowed to work flexible hours than others. Being female and having a more senior position within a firm is positively associated with working flexibly. However, these risk factors are again complex as our research suggests that individual risk factors may draw on three bases: self-selection, as some groups of individuals choose more or less flexibility; societal factors, including pressure on mothers to take on childcare responsibilities; and intrinsic factors, including those in more senior positions being required to work flexibly to balance all work duties.

Job role

An employee's position in a firm can have an impact on their flexibility. A more senior position within a firm correlates with greater flexibility over working hours (figure 12).

Business owners are around 15 percentage points more likely to be working flexibly than any of the staff in more junior positions, but our results show that below this management level there is less difference in use of flexible working arrangements by different levels of seniority (figure 13). This is in large part explained by the higher level of control and autonomy more employees in more senior positions have over their work.

Yet employers perceive that they are among the least flexible. We asked employers who they thought worked flexibly. Employers are more likely to say that lower levels of employee work flexibly despite this being the opposite of reality (figure 14).

With the exception of manual workers, this suggests that employers believe a more senior position correlates with less flexibility. They think that lower level staff may act as a barrier to offering flexible working because they believe flexible working is far more common than it really is.

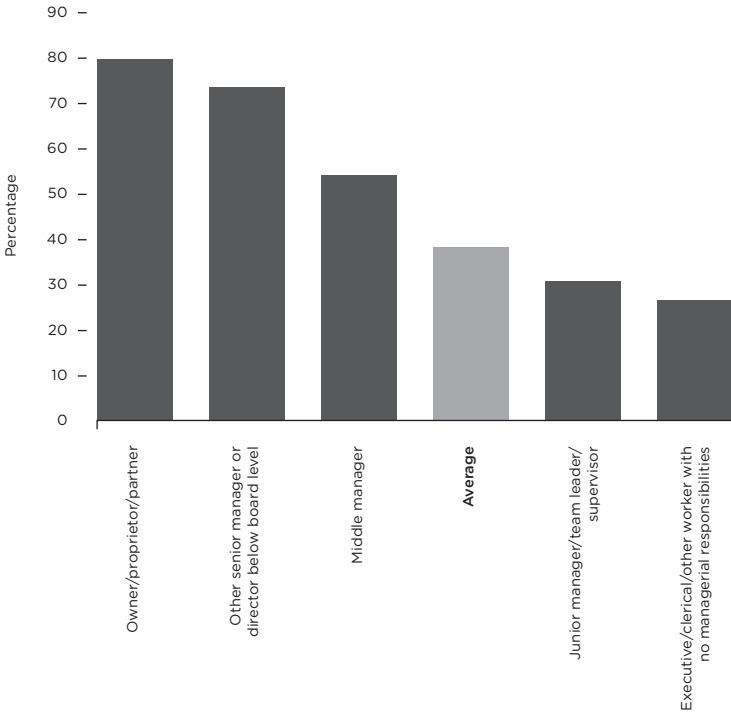
Although the owner of a company is more likely to work flexibly than other employees, their form of flexible work arrangement is likely to differ from that of other employees. For instance the more senior the employee the more likely they are to work from home. The more junior the employee, the more likely they are to work part-time (although the owner is also likely to work part-time).

As figure 15 shows, other flexible working arrangements such as working from home and varying start and finish times are most common among higher levels of management.

As part of our qualitative research we asked employees and employers in different sized firms about who they believed had access to and benefitted from flexible working arrangements. One of the frontline middle level managers in a large company we spoke to said: 'I think that there is definitely a view that for managers, it [working flexibly] is frowned on more.'

What came out in our focus groups was that there was a fear among managers that working flexibly would create

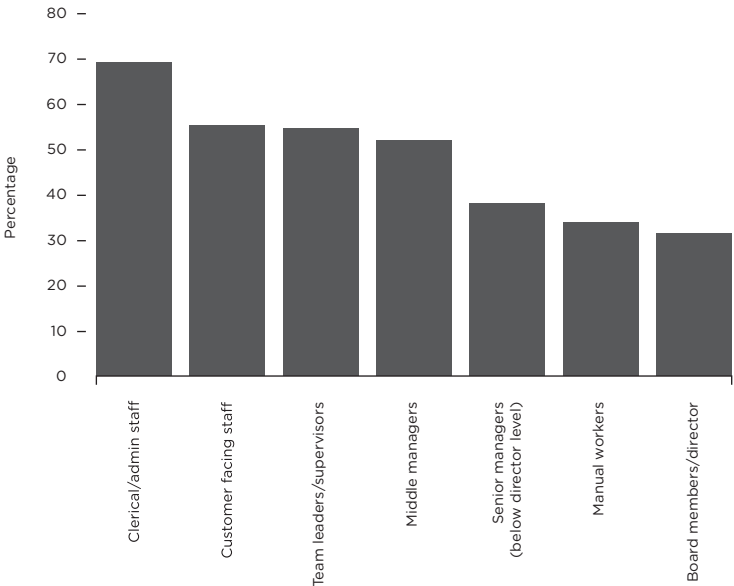
Figure 13 **Proportion of employees stating that they have 'a lot' of control over their working time, by level of seniority**



Source: Demos poll, 2011

resentment among employees below them who did not work flexibly. Sometimes we found that this led to managers keeping their flexible working arrangements secret. There was also evidence among employees that working flexibly would harm the prospects of career advancement. A senior male employee at a large employer said: 'People who work flexibly often understand that it is likely to mean that they are putting their career advancement on hold.'

Figure 14 **Proportion of employers who state that employees work flexibly, by position within firm**



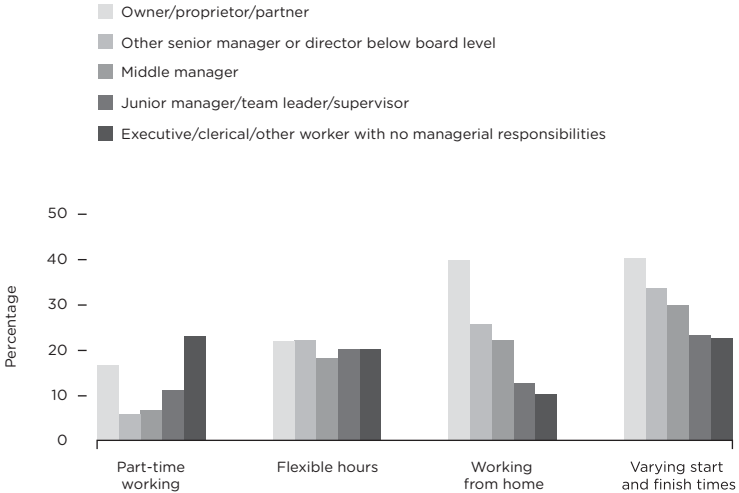
Source: Demos poll, 2011

This seemed to be most true for middle management. Speaking to employees in a large retail store we found that, because of their need to be in the store to organise and support a team, middle managers felt less able to work flexibly. One employee commented on flexible working for middle managers, ‘I guess it’s the painful bit you need to do to get to the next level.’

Gender

Women are far more likely to request and take up a flexible working arrangement than men: 77 per cent of employers said

Figure 15 **Proportion of employees who use flexible working arrangements, by position within firm**

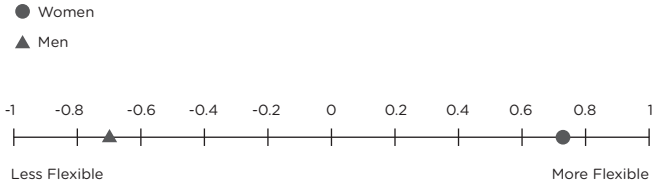


Source: Demos poll, 2011

that less than 1 in 4 flexible working requests came from men (figure 16). Furthermore, women were slightly more likely to be successful in their flexible working requests: 81 per cent of women had their request accepted compared with 77 per cent of men. The flexible working arrangements women take up and their reasons for doing so also differ from men.

Our survey showed that 50 per cent of men and 38 per cent of women said they did ‘not work flexibly’. The flexible working arrangements that women used more than men include ‘part-time working’, ‘flexible hours’ and ‘compressed hours’. In contrast, men are more likely than women to work from home, to use varying start and finish times and to use time banking (table 7).

Figure 16 Scale of who is working flexibly, by gender



Based on standard deviations from mean
Source: Demos poll, 2011

Table 7 Proportion of employees in the UK who use different forms of flexible working arrangement, men and women

	Men	Women
Do not work flexibly	49.9%	37.5%
Part-time working	7.3%	27.8%
Flexible hours	17.5%	20.4%
Compressed hours	2.5%	5.4%
Working from home	15.6%	12.2%
Varying start and finish	24.6%	22.8%
Time bank	2.3%	2.0%

Source: Demos poll, 2011

Part of the reasons for these differences in types of flexible working was the differing motivations women had for working flexibly compared with men. Women were twice as likely as men to state they wanted to work flexibly in order to spend more time with children or family (table 8). The fact that the child caring burden falls most heavily on women is what drives the high proportion of part-time working among women. In contrast, as men dominate the more senior positions in firms there is a higher level of men working from home.

Table 8 **Reasons given by employees in the UK for wanting to work flexible hours, men and women**

	Men	Women
Personal health issues	5.3%	9.0%
To make life easier	52.4%	45.6%
To spend more time with children	16.3%	32.7%
More free time	35.6%	38.2%
Take part in part-time education or training	5.9%	8.5%
Lack of available childcare	4.3%	7.6%
Cost of childcare	3.5%	13.8%
Volunteer	3.7%	4.1%
Care for a disabled adult at home	2.9%	4.4%
Other	24.2%	18.9%

Source: Demos poll, 2011

When considering why an employee doesn't work flexibly, men are far more likely to say that it is 'not a priority' for them (table 9). They are also more concerned about loss of earnings, primarily because men are more likely to be the household breadwinner. Linked to this is the fact that they are more concerned about the impact flexible working would have on their career promotion. In contrast, women are over twice as likely as men to cite childcare reasons for wanting to work flexibly.

We spoke to a personnel manager in a distribution centre and a distribution centre manager. Both found that in their predominantly male environments there were few requests and little interest in flexible working. The personnel manager in the distribution centre said: 'It's [the distribution centre] definitely a more male environment. In my experience we don't get the requests from partners in the distribution centre', and the distribution centre manager said: 'I think you're assuming it's more of a subject in people's minds than it really is. Here, at least, I just don't think it's that much of an issue.'

These results help explain why men will not be encouraged to take up flexible working and address gender inequality in the

Table 9 **Reasons given by employees in the UK for not working flexibly, men and women**

	Men	Women
Impractical given the nature of the job	33.8%	27.5%
Concerned about impact on career or promotion prospects	6.0%	5.3%
Not available from current employer	29.6%	30.5%
Not aware of specific rights to request flexible working	4.8%	7.9%
Not a priority for me	36.0%	29.7%
Concerned request would be rejected	5.8%	5.3%
Concerned about reaction from colleagues	4.0%	3.0%
Concerned about loss of earnings	11.6%	8.6%
Concerned about negative response from managers	7.5%	5.3%
Don't want to work to work flexibly	19.1%	18.5%

Source: Demos poll, 2011

workplace without challenging the motivations for working flexibly. Although flexible working enables women to work more than they would if this form of work was not possible, in itself it does not help address wider imbalances between men and women such as those in childcare duties and pay rates.

We found in our focus groups that when women were working flexibly it was primarily to balance childcare demands. Illustrating how women balance childcare demands, one frontline female employee said at one of our focus groups: ‘Having part-time work means I can work late nights. And I love late nights – it means I can take my girls to school in the morning.’

Our survey also included a question asking male respondents whether they were likely to use a longer period of paternity leave. The majority (86 per cent) said they would not use longer paternity leave if offered. There was little difference between social groups. Those in groups C2, D and E were only marginally less likely to use a longer period of flexible parental leave. However, male employees who worked in banking, finance

and insurance were the most likely to say they would use it, with 28 per cent of male employees in banking agreeing. This result is likely to be related to the greater financial security that men in this sector have.

Part of the solution to this is offering a more generous form of paternity leave. In a focus group in John Lewis, a frontline partner told us of his experience of paternity leave at the organisation:

Everyone I know will take paternity leave now. Part of the reason for that is that the first week is full pay. Then it falls down to about £150 for the second week. Some fathers I know use their paid holiday for paternity leave instead.

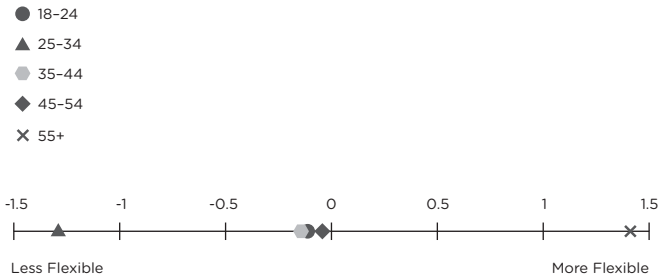
This experience was shared by a more senior male partner working in the offices of the same store: ‘I’ve had six children and being there makes a big difference. Being paid for that is very important I think.’

Age

During the life-cycle an individual’s needs and priorities change. Younger men are often keen to maximise their career prospects and so do not work flexibly, while women in their 30s may take time off for childcare. Those in their 40s often need flexibility to care for an older relative. Those in their 50s often reduce their hours leading up to retirement. As part of Demos’ research into the factors affecting flexibility, we used multinomial logistic regression analysis to test what was related to people’s working flexibly, and age remained one of the most statistically significant factors. However, simply looking at who works flexibly in different age groups hides the differences.

Figure 17 shows a reasonably large amount of deviation in flexible working for different age groups, but the actual differences in proportion are not so great. The two age groups that have flexible working arrangements the most are the over 55s (63 per cent) and 18–24-year-olds (54 per cent). The group with the lowest number of employees working flexibly is the 25–34 age group (49 per cent). These results do not show overall

Figure 17 **Scale of who is working flexibly, by age group**



Based on standard deviations from mean
Source: Demos poll, 2011

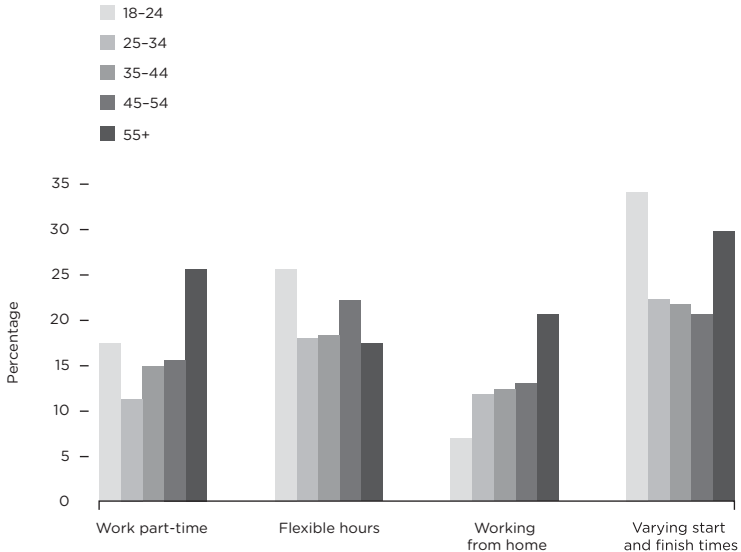
a substantial different in use of flexible working, but looking more deeply, differences arise in the types of flexible working arrangements that are used.

Our research shows that the youngest and oldest age groups were the most likely to work part-time and to vary start and finish times. The proportion of employees working from home was positively associated with age (figure 18).

The type of flexible working arrangement used corresponded with the reason given for working flexibly: 60 per cent of over 55s were the most likely to say that they worked flexibly 'to make life easier'. Those in the 35-44 age group were the most likely to work flexible hours to spend more time with children and because of childcare costs. The 25-34 age group is the most likely to say that their salary was 'very important' to their working life whereas the 35-44 age group was the most likely to say that flexibility was very important to their working life.

As part of our qualitative research we asked large employers from which groups they had seen increases in requests to work flexible hours over the past ten years. One of the most common responses was that there had increasingly been an expectation by young people of a right to flexible working. We

Figure 18 **Proportion of employees with flexible working arrangements, by age group**

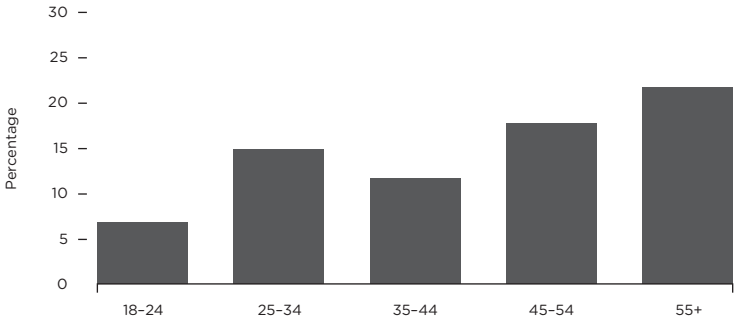


Source: Demos poll, 2011

spoke to a former graduate recruiter at a large company about their experience, who said:

One of the best examples I can give to illustrate [this is that] I used to interview graduates and I started noticing that more and more graduates were talking to me about what were our arrangements for flexible working and that they wanted a work–life balance. When I was a graduate I would have said I’ll work any hours you want. So the mindset actually of youngsters is that it’s alright. They are not prepared necessarily to come in and sell their time.

Figure 19 **Proportion of employees whose request to work flexible hours was rejected, by age group**



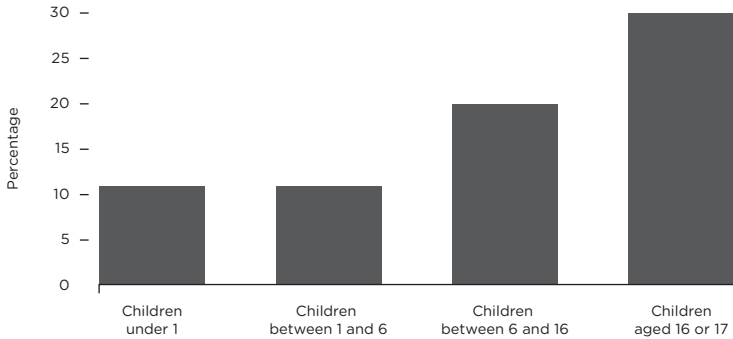
Source: Demos poll, 2011

This changing expectation about working flexible hours is likely to be a pressure on employers to expand their flexible working arrangements further. However, it will also mean that in a first-come-first-served system of being able to work flexible hours, instead of one based on the prioritisation of needs, young people are more likely to request and be allowed to work flexibly than those with more acute need.

Age is also a significant factor when considering whose requests to work flexible hours are rejected. Over 55s were almost five times more likely to have their flexible working request rejected than 18–24 year olds (figure 19).

The reasons for this variation in rates of acceptance for the different age groups are hard to identify. Taking into account the reasons employers gave for allowing flexible working (retaining staff, meeting employees' needs and complying with legislation were the most frequently cited), this variation may be because young people have a higher level of turnover, so in order to retain younger staff employers must offer them flexible working. It may also be partly related to the belief among employers that younger people have more need for flexible work.

Figure 20 **Proportion of employees whose request to work flexible hours was rejected, by age of child**



Source: Demos poll, 2011

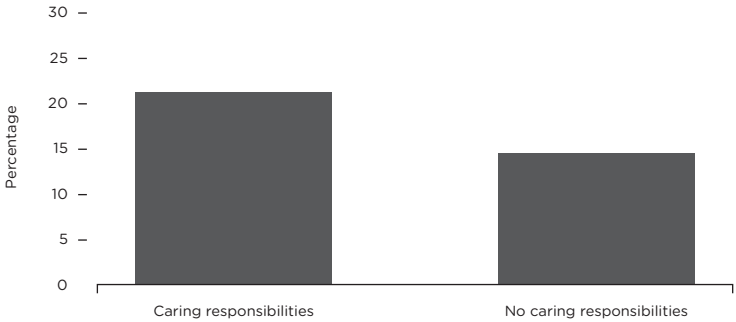
As stated, needs for flexible working vary across the life-cycle. People between the ages of 25 and 34 are the most likely to have young children. We therefore looked at the rate of rejection of flexible working requests for parents with children of different ages (figure 20).

The greater frequency of rejection of requests for flexible working by parents with older children indicates that employers do prioritise those who have a right to request flexible working in law. This probably reflects the fact that employers stated that ‘meeting employee needs’ was one of the key reasons why flexible working is offered.

But there is a very different result for those with caring needs. People in their 40s often have to engage in caring responsibilities for parents. We asked respondents with caring responsibilities whether their requests were accepted and found employers were less responsive to need (figure 21).

Our results show that those with ‘caring responsibilities’ were more likely to have their request for flexible working rejected. There is a substantial risk therefore that those with caring duties are being rejected when they ask to work flexible

Figure 21 **Proportion of employees in the UK who had a request to work flexible hours rejected, by caring responsibilities**



Source: Demos poll, 2011

hours, worsening the care burden for society more generally, given that carers save the economy on average £18,473 each.¹⁰³

Summary

Our research has shown that flexibility is an important component of employees' conceptions of 'good work'. Yet despite the increase in use of flexible working arrangements over the past three decades, considerable barriers to flexibility remain. The flexibility an employee may be granted depends on a set of organisational and individual risk factors, which affect how much flexibility employers offer, the rate of acceptance and the level of use.

The size of a firm and its sector influences who is allowed to work flexible hours, but the effect of these factors is not straightforward. Micro firms – those with fewer than ten employees – are over three times more likely not to offer any form of flexible working arrangement as large firms (with over 250 employees). Yet paradoxically, our research has also shown that small and micro firms are among the most likely to accept a

flexible working request. Micro firms also have some of the most flexible employees – almost 70 per cent of employees in micro firms engage in flexible working with the second highest proportion of flexible workers being in large firms (just over 55 per cent). This suggests that flexibility can work for the smallest firms, but there is reluctance and fear among employers to offer it. Larger firms clearly state that operational pressure is the most likely reason for restricting greater flexibility, yet small firms are less likely to know why they don't allow staff to work flexible hours more often.

Flexibility also varies between sectors. A more service-based economy lends itself well to greater flexibility, yet not in low-end services such as transport and retail. These were the sectors where employees were most likely to be dissatisfied with the level of control they had over their working hours. Our survey also showed that the acceptance rate of flexible working requests differed significantly between sectors. Those working in the administrative and support sector were almost five times more likely to have their request for flexible working rejected than those working in the charity sector. The pressures on different sectors can help explain this. Almost twice as many employers in the hotel and restaurant sector were likely to say that 'customer service requirements' were a restriction on offering more flexibility than employers in the charity sector.

Employees also face risk factors based on their characteristics. Age, gender and position within the firm impact on the rate of acceptance of a request, the use of flexible working, and the type of flexible working used. A substantial number of these individual risk factors are based on socio-cultural factors, such as a presumption that women take the burden of childcare duties.

Women were considerably more likely to work flexibly than men. Yet the type of flexible working and the reason for working flexible hours differed for women and men. The most common reason women gave for working flexibly was in order 'to spend time with children' whereas for men it was 'to have more free time'. This finding is supported by the form of flexible working used. Women dominate the part-time workforce while men are

more likely to work from home. These different motivations for working flexibly and the different forms of flexible working used are likely to act as a barrier to gender equality in the workplace. Combined with our finding that 86 per cent of men state they would not use a longer period of paternity leave if offered, it is unlikely that current flexible working arrangements will close the gender pay gap.

We also looked at the impact of age on flexibility given that caring demands differ across individuals' lifetimes. The rate of rejection of flexible working requests rose with age. Those over 55 were almost five times more likely to have their request for flexible working rejected as an 18–24 year old. A particularly troubling result is the greater level of rejection of flexible working requests by those with caring responsibilities, which particularly hits those aged over 45. Those with caring responsibilities are 50 per cent more likely to have their request for flexible working rejected than someone with no caring responsibilities.

Finally, beyond these organisational and individual risk factors, substantial knowledge gaps remain around flexible working. Most people do not know who is covered by the legal right to request flexible working. Employees are also unlikely to know what their firm offers. Our results showed that they underestimated the extent of flexible working arrangements, and within the firm there is a major difference between the number of employees who have flexible working arrangements and the number who employers think work flexible hours. Employers believe that employees in less senior positions are the most likely to be working flexibly. In fact the opposite is true and the most senior employees engage in the most flexible working. This misconception among employers is likely to be a barrier to them offering more flexible working.

4 Conclusions and recommendations

Flexibility as an embedded organisational value

Legislation, consumer demand, employee retention and enlightened leadership all play a role in putting flexible working on the organisational agenda, but regardless of why flexible working becomes an organisational priority, making it work in practice ultimately requires an ethos of reciprocity between employees and employers and among employees themselves. The obligation of employers to meet employees' needs must be counterbalanced with a responsibility from employees to consider how their request will affect the needs of the business and the workloads of their fellow employees. The process needs to be underpinned by a two-way dialogue rather than a one-way demand or unconsidered refusal. While the outcomes of such a dialogue should be specific to organisational circumstances, the need for the dialogue to take place can and should be underpinned by government legislation.

It is clear that legislation has acted as an initial trigger for employers in creating more flexible workplaces. This comes out strongly in research findings from our qualitative and quantitative data. Yet it is equally clear that while legislation may be necessary it will never be sufficient. In our qualitative research the drive to move beyond statutory compliance came from leaders seeing not only the economic benefits but also that flexible working would work more effectively if it was open to all employees rather than those just those covered by legislation.

The practical reality of a workplace in which all employees have the right to request flexible working was not without challenges but none of them have proved insurmountable. While the leadership of organisations may be instrumental in turning flexibility into a key principle, effective practice depends on relationships between managers and employees, and among

employees themselves. In the case of the John Lewis Partnership, managers commonly feared that the extension of the right to request flexible working would lead to a deluge of requests. Yet as managers developed greater experience such occurrences become easier to manage, especially when those making requests were given ownership of the need to balance their demands with those of the business.

Flexibility works best when there is trust on either side of the employment relationship. Where employers do their best to accommodate the needs of employees, employees consistently go the extra mile to accommodate the needs of employers when required. As one senior manager from John Lewis Partnership put it:

It is a double win because for some people when you let them have flexible working they are more willing to help the business in other areas. So if I agreed to somebody that [she] can go home whenever, then that group of people are more willing to work when employers need them. A huge proportion of that group think 'I have been treated well so I will go back and treat the business well.'

This sentiment was echoed in focus groups with branch floor staff:

You feel very committed if you work flexibly. I know that it means I have to complete the work in certain hours now I work flexibly. It's partly because the partnership's been good to me so I'd like to be good to them.

A reciprocal relationship

Reciprocity is the key not only to making flexible workplaces function well but to charting a course through conflicting perspectives between employer associations and the advocates of entrenching and increasing flexible working entitlements. While the business case for flexibility is often compelling it is not always self-evident or equally compelling across different sectors and scale of an organisation. The justification for flexible working cannot be reduced to either the business case or indeed family

friendly policies. Crucial as both of these factors are, the case for flexibility stems from a wider need to balance the distribution of people's time between different obligations, needs and desires.

The key question is not whether businesses can afford flexible working arrangements but whether twenty-first-century societies like Britain can afford to forgo them. Flexible working is the means to a plurality of vital and positive social outcomes, that if unrealised will end up disproportionately burdening the state and middle-income households that feel the impact of increased taxation hardest. We know that more involved parenting improves the life chances of children, better work–life balance increases individual happiness, a more flexible workforce is more able to bear the burden of an ageing population, and that the Big Society will require people to have more time to be active citizens.

While it would be unreasonable to place sole responsibility for the social harms indirectly created by the way people work on employers, it would be equally unreasonable to claim they have no responsibility at all. Corporate social responsibility is best judged according to the extent organisations attempt to mitigate the 'negative externalities' they may generate in the process of pursuing core business goals. Flexible working arrangements need therefore to be seen as a defining element of a socially responsible organisation rather than something they should accommodate solely at their own discretion. And where employers refuse to meet employees halfway, there is an important role for government in legislating to enforce a basic framework in which employees can be empowered to start a dialogue with their employers.

The Coalition Government is to be commended for its proposals to extend flexible working and parental leave. It must be resolute in pushing for maximal rather than minimal versions of the proposals currently out for consultation in the modern workplace review. But it must also be much bolder on parental leave in particular if it is to have the courage of its convictions. There is only so far that government can go by itself. The type of cultural and institutional change needed to spread co-parenting and caring obligations more evenly between men and women

requires employees and employers themselves to be at the leading edge of change. Vanguard employers such as John Lewis Partnership and BT, and many others covered in this pamphlet report, will ultimately be the key agents in driving forward this agenda.

The recommendations below aim to advance a maximal agenda of workplace flexibility, to make flexible working practices a more prominent indicator of corporate social responsibility and to enable men and women to share more equally in their caring and social obligations. Specifically they will:

- extend and normalise flexible working to all employees by making the right to request universal
- enhance shared responsibility between employers and employees through a code of practice
- give recognition to vanguard employers, target support to those struggling to implement flexible working practices and monitor progress to 'name and shame' recalcitrant employers
- make shared parental leave affordable for both partners and employers through contributory 'carers' accounts'
- extending and formalise carers' leave
- enable all workers regardless of status, role or sector to take up volunteering.

Our recommendations are set out below:

1 A statutory right to request flexible working for all employees

A legal right to request flexible working ensures that employers take their duty to look after the needs of employees seriously. The Government's commitment to a universal right to request flexible working is commendable. This legal right should cover all employees including temporary workers.

Our research showed that enshrining the right to request in law was a key driver in the wider provision of flexible working arrangements by employers. 'Complying with legislation' was one of the three most cited reasons employers gave for offering

flexible working according to our polling. Even among flexible working vanguards, like John Lewis Partnership, the legislation was an important push.

There was nervousness from Government and employers over the effect of putting the right to request into law. The Employment Rights Act 2002 gave the right to request flexible working to parents with children under the age of six or disabled children under the age of 18. This compelled employers to seriously evaluate the individual's case. In chapter 3, our case studies and stakeholder interviews illustrate the fears employers had that this would open the floodgates to requests and overburden business. This did not happen. In the first year after the right to request flexible working was made law only 2 per cent of calls to the Advisory, Conciliation and Arbitration Service, which is charged with offering advice on employment rights issues, were concerned with flexible working.¹⁰⁴ Our research also showed that employers had feared being taken to an employment tribunal if they said 'no' to a request. This did not happen. In the five years following the legal right to request flexible working, Acas registered just over 1,500 claims that involved flexible working as a primary or secondary issue. This is less than 0.2 per cent of all claims to employment tribunals during that period.¹⁰⁵ Our survey illustrated that a healthy number of employers are happy to say 'no' when they needed to.

As the Government's own impact assessment has shown, if the right to request flexible working is extended to all employees through a non-statutory mechanism, such as a code of practice, instead of a legal one, its impact on increasing requests would be substantially diminished. The Government's assessment predicted that there would be 119,000 new requests under a legislative extension compared with 59,000 under a non-statutory code of practice.¹⁰⁶

The Government announced a three-year moratorium on new regulation for micro businesses (those with fewer than ten employees) in March 2011, but micro firms should not be excluded from the proposed statutory reforms. Our quantitative research shows micro firms already work 'flexibly' – over 80 per cent of micro firms said they considered flexible working

requests from all employees – flexible working is not disproportionately burdensome for them. Excluding micro firms from this legal extension would produce a two-tier system of employment rights – with those in micro firms being less protected.

The Government should be more honest in its relationship with micro business. The moratorium did not lead to an exemption for micro firms in the changes to the default retirement age, the extension of paternity leave and pay and the tier 1 and 2 migration changes which came in around the same time as the moratorium began. Furthermore, the moratorium does not include regulations that originate from the EU or internationally; they have to be of domestic origin. Therefore micro firms are not as well protected as the Government's messaging would suggest. This mixed messaging reduces the confidence of managers of small and medium-sized enterprises in government policy and will make it more difficult to win their support for a legal extension to flexible working.

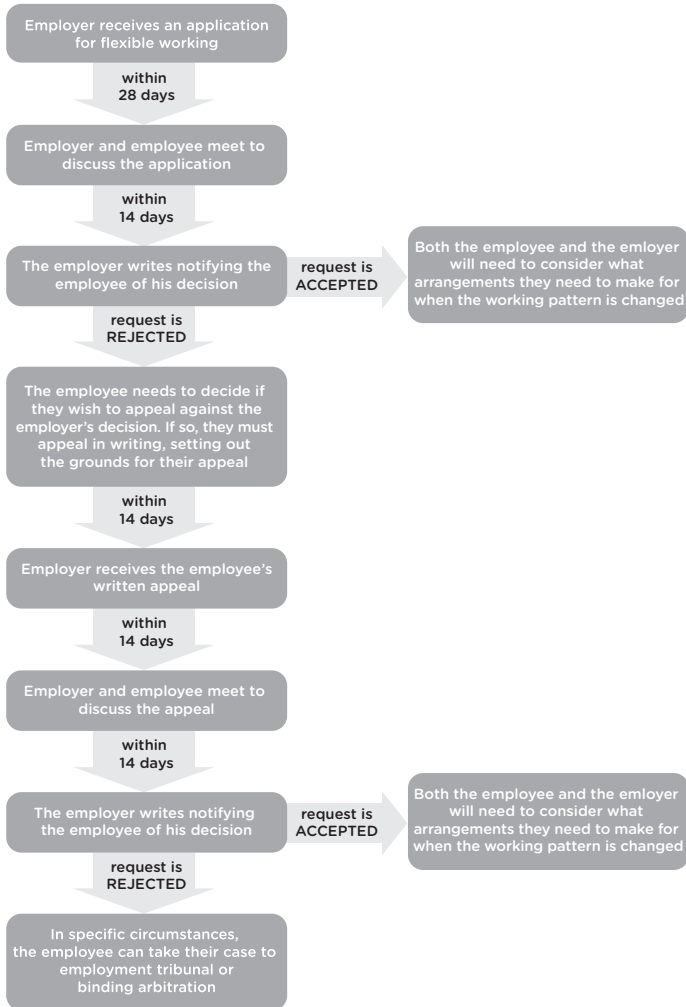
2 A code of practice to support the legislation

Although placing the right to request into law was a significant achievement by the Labour Government, it failed to help manage expectations – there was too little guidance for business and employees. A code of practice can serve an important role, as a guide to employers and employees about how flexible working can be optimally managed. It can go further in this respect than legislation. Figure 22 shows the current legal code of practice process for granting flexible working arrangements.

In its consultation document, the Coalition Government announced that it wanted to move the process for consideration of requests from legislation to a code of practice.

Allowing businesses to decide for themselves how they will construct their flexible working request process is important. Varying sector and scale pressures means that a one-size-fits-all system burdens some businesses more than others. However, it is already the case that businesses have considerable discretion over their flexible working request process, provided the business follows a reasonable timetable.

Figure 22 **Current UK legal code of practice process for granting flexible working arrangements**



The majority (79 per cent of employees in our survey) of flexible working requests are made informally. This was particularly the case in small businesses. Employers in micro and small firms (with fewer than 50 employees) were three times more likely to encourage informal flexible working requests than those in large firms (more than 250 employees). A code of practice, which helps business construct a process for consideration, would be helpful, and legislation should not introduce a rigid process for employers to obey. But legislation should put in place a maximum timeframe and minimum necessary steps to ensure business does not exploit this freedom to restrict flexible working. The consultation document states that a statute will require employers merely to consider requests ‘reasonably’. This is too weak a requirement and puts at risk the potential benefits of the extension of the statutory right to flexible working. The coverage of ‘reasonable’ is unclear, which leads to more rather than less confusion for business.

Although legal requirements can set the minimum conditions to enable flexible working, softer measures to guide and nudge the provision of flexible working should also be used. A non-statutory code of practice can help improve understanding of flexible working, including by clearly defining different flexible working arrangements. This is an important mechanism to improve knowledge about flexible working and empower employees and employers to use it.

Our quantitative research illustrated the disparity between what employees believed they have a right to in law and what they can access in reality. Almost 60 per cent of employees surveyed did not know whom the ‘right to request’ covered. A code of practice can help inform employees about what is a reasonable case for request, the forms of flexible working that are available and which flexible working arrangements most suit their need while not burdening business. It could also help guide employers to understand when it is most reasonable to say ‘no’ – more than the eight reasons currently in the law. Our research showed that small firms with no dedicated human resources function are substantially less likely to know the forms of flexible

working that are available. This in turn means that they are less likely to offer it and benefit from it.

One of the chief benefits of extending the right to request to all employees is that it creates a culture in which all employees feel empowered to request flexible working. It would help remove the presumption that ‘only women work flexibly’, and reach towards wider social goals such as closing the gender pay gap.

3 Changing the minimum qualifying period and removing the 12-month cap

Without opening up the right to request from day one of employment we risk preventing those with substantial caring needs benefiting from flexible working, negatively impacting both employee and employer and acting as a disincentive for those with such responsibilities from entering the workforce. Employers would benefit from having an open and frank discussion pre-appointment with the employee about what flexible working arrangements they might need in order to plan long-term how to manage their employees. There is a risk that this will put at a disadvantage those with caring needs, but as part of a wider shift to acceptability of flexible working, it could help enable a longer-term change in the expectations of employers.

Further, employees’ needs are constantly changing; a limit on one request every 12 months, as is currently the case, overlooks this fact. The legal cap should be halved and employers should be encouraged to reduce the cap even further.

4 Improving the support of JobcentrePlus and considering the flexibility of roles

JobcentrePlus is an underused tool in helping employers understand the benefits of employees working flexibly, and on implementing flexible working arrangements and on deciding which job roles can be advertised as ‘flexible’. This is particularly

important for small businesses with no dedicated human resources function.

The Federation of Small Businesses (FSB) has worked with JobcentrePlus to develop a hotline service for smaller businesses that provide recruitment help tailored to their needs. The Small Business Recruitment Service (SBRS) offers a free, professional recruitment service with advice and support throughout the recruitment process.¹⁰⁸ The helpline aids businesses design part-time and flexible jobs that suit their needs with advisers trained to be able to deliver advice on flexible working, but knowledge of this service is limited. Promoting it may help small businesses understand how flexible working can benefit their business.

The Government should require businesses to consider whether any job openings employers wish to advertise through JobcentrePlus can be made flexibly. If there is a possibility of flexibility this should be included in a firm's advert for the position through JobcentrePlus.

5 Supporting vanguards

Despite varying severity of risk factors, there are flexible working vanguards in all sectors of the economy. We would do well from showcasing these examples. An accreditation system for those employers who achieve a high standard of workplace flexibility and family-friendliness could help drive employers to improve their flexible working arrangements. It would act as an incentive for employers to improve their flexibility in order to improve their brand image and quality of recruitment. This will become more significant as the economy continues to improve and competition for labour becomes more severe.

An accreditation system can be based on the UK Commission for Employment and Skills' 'Investors in People' model. The Investors in People system gives a gold, silver and bronze level of accreditation according to the performance of firms across a number of benchmarks. For flexible working the accreditation system should award companies that have implemented flexible working well according to the risk factors identified in this report: sector, size, age, gender and job role.

6 The carer's account: a contributory principle to make parental leave more equal and affordable

The Government should be commended in its aim to increase the role of fathers in caring for children in their early years. Its primary proposals to achieve this are to reclassify the later phases of maternity leave as shared parental leave. This will increase the amount of leave men can take and enable greater flexibility in how it is used. However, the proposal fails to address one of the key factors preventing men from using the leave they are already entitled to. In the UK only half of men take the two weeks' paternity leave at statutory rates they are entitled to.¹⁰⁹ A significant factor in this is that the statutory pay covers less than 25 per cent of their salary. In contrast, in Nordic countries such as Iceland, 88.5 per cent of fathers in Iceland take some portion of their leave.¹¹⁰

Evidence from Nordic countries shows that three key considerations make men more likely to take up parental leave:

- generous paid leave, which allows a father, as a family's highest wage earner, to take time off without forfeiting the family's largest source of income
- non-transferable leave, which counteracts social and economic pressure for leave to be transferred from father to mother
- scheduling flexibility.

So there is no need to cut relations with employers. This allows professional parents, who are more likely to be fathers, to take leave without jeopardising their job prospects.

Extending the length of leave and flexibility in use of that leave is welcome but without addressing inequities in pay while on leave men lack the capability actually to use such rights. The Coalition Government's proposals for shared parental leave therefore lack a vital component for making it a practical reality rather than a formal but unrealisable right.

Box 4 summarises the Icelandic model of parental leave.

Box 4

The Icelandic model of parental leave

The Icelandic model provides a statutory right to nine months of paid parental leave in three instalments of three months. Two of these instalments are ‘non-transferable’; the mother and the father must take one each. The parents can choose which of them takes the third instalment. Special arrangements exist if there are complications such as health issues. The timing of parental leave is at parents’ discretion – it can be taken uninterrupted or interrupted as well as part-time coupled with part-time work. Through a social insurance system, parental leave is paid at 75–80 per cent of earnings with a ceiling for earnings over €1,890 per week and a floor, so no one working full-time receives less than €575 per week. Separate rates apply for people working part-time. Same sex couples with children and couples adopting a child under the age of eight are eligible for leave on the same basis. In the Icelandic model, mothers are obliged to take two weeks of leave following the birth of a child.

Adapting the approach taken to pay and flexibility in how leave is taken in Nordic countries is more likely to enable the cultural shift in parenting the Government is rightly seeking to achieve. As it currently stands parental leave is expensive for employee, employer and the state. Financial pressures act as a disincentive for parents to take their full entitlement to parental leave and there is evidence it acts as a disincentive on employing women of childbearing age. Low take-up by fathers therefore helps perpetuate the gender pay gap in addition to preventing men spending more time with their children in their early years.

If a father in the UK on an average wage takes up his full two weeks’ ordinary paternity leave and then takes up his new right for additional paternity leave from the mother, after the 26th week he effectively loses 88 per cent of his potential earnings – which can be over £13,000 (see appendix 4). Not only is this a disincentive for fathers, but it also makes it financially impossible in many cases for fathers to take up parental leave.

A mother on an average wage who takes her full maternity leave will be 72 per cent worse off in that year alone through lost

earnings.¹¹¹ This can be equivalent to a loss of £16,336. This is particularly a disincentive for low-income families to take full parental leave. Low-income mothers return to work substantially earlier than mothers on an average wage. Employers are worse off too as they have to cover the cost of this parental leave. Small employers have the right to have the cost of statutory parental pay reimbursed by HM Revenue & Customs, but this misses many indirect costs, according to the FSB, such as finding a replacement worker.¹¹² This also places a cost on the state, having to subsidise parents taking parental leave.

Learning from Demos' report *Of Mutual Benefit*,¹¹³ and the Nordic countries, which pool their costs, there are ways to improve the pay of employees while not excessively burdening the state or employer. Introducing a contributory principle through a care account would be an important step along this route.

Countries with the highest levels of co-parenting, such as Iceland, Finland and Norway, all have a far more generous system of parental leave than the UK. The systems are funded from contribution schemes, which involve varying degrees of reciprocity between employers, employees and government. In Iceland there are parental leave fund-based national insurance contributions; 1.08 per cent of all national insurance contributions go towards this fund, which covers 80 per cent of the average worker's salary during parental leave.¹¹⁴ This is particularly important for fathers, who are most commonly the head household earner.

An opt-out care account contribution system that can be used to replace at least two-thirds of lost earnings will help support take-up of parental leave. Under such a system an employee contributes a portion of their salary tax-free to an account, with the amount matched by the employer. When an individual needs to take parental leave they will therefore be able to draw on this fund to cover the difference between their statutory paternity pay in the 39 weeks it is available for and at least two-thirds of their wage, to ensure a reasonable standard of living. However, not every employee will want or be able to have children. If the contributions are not used it should be possible to put the funds into the individual's pension pot. This would

cover the varying needs of employees and ensure they are financially secure when they need to dedicate their time to a new child.

7 Right to extraordinary leave for care reasons and better systems of carers leave

There are almost 6 million carers in the UK and half of them balance this responsibility with work. Employment is most productive for carers when they have greater choice in how to balance their caring and work demands.¹¹⁵ Carers should be one of the groups given priority to work flexible hours in a code of practice. Our changing demography means that in the next 25 years the number of carers is expected to increase by 50 per cent.¹¹⁶ Flexible working can help alleviate the pressures on carers, their families and employers, and the state.

Care demands can fall on employees when they don't expect them. These pressures occur most frequently among mothers with young children who fall ill and need a short time off work to care for them. But these events hit other groups as well, including those who have older relations who occasionally depend on them. This can create stigma and resentment. Many firms give five days of unpaid leave for such 'emergency care' needs. This should be formalised and allowed in all firms – going beyond what is already enshrined as 'compassionate leave'. Only when an employee goes beyond this basic leave should employers have the right to require proof of need, such as a doctor's note, and penalise the employee if needed.

Further, a code of practice should promote all firms having policies in place in case employees need to be off work for a prolonged period because of caring responsibilities. Then employers will be more prepared and more able to agree to such requests in cases where employees request a break from work, on similar terms to requests for a career break. During this time the carer will be able to access direct payments for carers, and should be able to subsidise this with payments from their care account to ensure that their earnings are sufficiently replaced. This will help ease the burden of demographic change.

8 Use it or lose it right to volunteering days

The scope of benefit of flexible working does not fall just on the employee, who can improve their work–life balance, nor their employer, who can boost productivity. It can also serve wider social ends through the Big Society. A flexible workforce is also a workforce more able to be more engaged in civic action.

Our polling shows that only 4 per cent of employees currently use flexible working in order to volunteer. In changing the nature of flexible working, making it more acceptable in the workplace, we have the opportunity to make voluntary action more the norm. The recent white paper on giving shows that the Government shares such a vision.¹¹⁷ It requires ministers to give at least a day a year to a good cause.

The right to a paid day a year to volunteer is an important step to promoting the Big Society agenda and should be available to all employees. In itself it will not produce the civic engagement needed for a Big Society, but it will be an important way to nudge individuals and business to be more aware of their civic duty alongside the wider Big Society agenda. The recommendations presented in this report outline a direction of travel – for government and for business – to make the flexible vanguard the norm rather than the exception. There are huge lessons to be learned by employers – on the benefits of flexible working and on the importance of ensuring that their workforce works in a way that fits with wider social norms and expectations. Examples can be seen in the places where flexibility already works and works well for both employer and employee.

It is key that Government recognises that flexibility is crucial to its wider, social agenda. A nation that cares for its older people, volunteers more readily and spends time and energy raising young people well is a nation that works flexibly. This is achievable – albeit to different levels and in different ways – in all sectors of industry: many of the sectoral problems cited to avoid cross-cutting flexibility are more issues of poor imagination than they are of actual capacity. How can it be the case that ‘retail can’t do flexibility’ if John Lewis and Waitrose can? How can it be true that ‘small business can’t afford flexibility’ when so many micro businesses not only afford it but flourish as a result?

Government must premise its interventions in this complicated but important aspect of all our lives on the idea of reciprocity, a shared responsibility between state, employer and employee. So too must employers and employees – engaging in a discussion of how more autonomy would work rather than a dispute over ‘entitlements’. These recommendations are the starting point for that dialogue.

Appendices

Appendix 1 Employers' reasons for not offering more flexible working

Table 10 **Reasons given by employers in the UK for not offering more flexible working, by sector**

	Manufacturing; pharmaceuticals	Retail, leisure and wholesale trading	Hotels and restaurants	Transport; information and communications; travel & tourism; postal services	Banking, finance and insurance
Operational pressures	58%	51%	68%	72%	17%
Customer or service requirements	47%	51%	74%	51%	46%
Financial restraints	27%	36%	36%	28%	5%
Lack of senior level support for it	62%	19%	10%	4%	24%
Existing organisational culture	33%	16%	15%	11%	5%
Lack of interest from employees	27%	19%	17%	13%	13%
Line managers' ability to manage flexible workers	31%	16%	2%	18%	21%
Technological constraints	29%	5%	10%	17%	20%

Real estate, professional, scientific, technical, administration and support	Public administration (central or local government, armed services)	Education	Healthcare and social work	Charity and voluntary; arts and entertainment; other services for the community
34%	73%	44%	61%	58%
47%	59%	40%	59%	40%
29%	22%	18%	35%	19%
19%	16%	19%	14%	11%
18%	22%	40%	18%	16%
27%	10%	12%	6%	14%
1%	31%	23%	16%	13%
11%	20%	6%	8%	2%

Appendix 2 Types of flexible working arrangements offered

Table 11 Types of flexible working arrangements offered by different sectors in

	Manufacturing; pharmaceuticals	Retail, leisure and wholesale trading (including repairs to vehicles other goods etc.)	Hotels and restaurants	Transport; information and communications; travel & tourism; postal services	Banking, finance and insurance
Part-time working	58%	79%	77%	66%	75%
Varying start and finish times	43%	74%	63%	63%	56%
Flexible hours or flexitime	39%	56%	24%	53%	45%
Working from home	46%	13%	13%	58%	67%
Compressed hours (eg 4 day week)	18%	38%	28%	41%	45%
Career breaks	14%	41%	0%	43%	22%
Term-time working	17%	15%	30%	4%	26%
Annualised hours	24%	12%	10%	24%	20%
Time banking	10%	14%	0%	16%	3%
Working a nine-day fortnight	15%	0%	10%	8%	0%
None of these - no flexible working offered	14 %	8%	5%	13%	10%

the UK, by sector

Real estate, professional, scientific, technical, administration and support	Public administration (central or local government, armed services)	Education	Healthcare and social work	Charity and voluntary; arts and entertainment; other services for the community
72%	86%	75%	89%	84%
63%	83%	57%	86%	77%
52%	88%	40%	74%	76%
66%	67%	42%	51%	74%
33%	69%	36%	65%	42%
21%	79%	23%	59%	46%
25%	53%	62%	54%	13%
8%	36%	17%	40%	10%
14%	14%	4%	35%	17%
14%	43%	4%	36%	15%
8%	4%	10%	1%	4%

Appendix 3 Employees' reasons for not working more flexibly

Table 12 Reasons employees in the UK give for not working more flexibly, by sector

	Manufacturing; pharmaceuticals	Retail, leisure and wholesale trading (including repairs to vehicles other goods etc.)	Hotels and restaurants	Transport; information and communications; travel & tourism; postal services	Banking, finance and insurance
Not a priority for me	33%	36%	50%	32%	32%
Impractical given the nature of the job	35%	24%	45%	32%	34%
Not available from current employer	35%	32%	30%	35%	39%
Don't want to work to work flexibly	20%	17%	12%	17%	13%
Concerned about loss of earnings	6%	13%	20%	8%	13%
Concerned about negative response from managers	4%	10%	4%	5%	10%
Not aware of specific rights to request flexible working	6%	10%	-	5%	10%
Concerned request would be rejected	3%	7%	11%	3%	6%
Concerned about impact on career / promotion prospects	4%	5%	10%	3%	10%
Concerned about reaction from colleagues	1%	2%	8%	2%	10%

Sector

Real estate, professional, scientific, technical, administration and support	Public administration (central or local government, armed services)	Education	Healthcare and social work	Charity and voluntary; arts and entertainment; other services for the community
33%	23%	27%	33%	38%
28%	52%	39%	28%	18%
31%	18%	28%	18%	30%
27%	14%	13%	21%	25%
14%	9%	10%	5%	3%
7%	5%	6%	7%	3%
4%	2%	7%	7%	7%
4%	7%	8%	7%	-
8%	-	7%	6%	3%
4%	2%	6%	5%	3%

Appendix 4 Parental pay replacement rates

The level of pay a person receives when taking parental leave is highly important in determining whether a parent takes their full parental leave. Demos analysed the amount a parent on an average wage can expect to lose if they take parental leave.¹¹⁸ The ‘parental pay replacement rate’ is the proportion of a parent’s earnings that they would receive if they took parental leave and were paid at the rate specified in law. We calculate this rate under the current system and under the Icelandic model.

Under current rules, a mother has a right to 52 weeks of maternity leave. Six weeks must be paid at least at 90 per cent of the mother’s previous wage, and the following 33 weeks must be paid at the statutory rate of £124.88 per week (or 90 per cent of the average wage if that is lower). The remaining time is unpaid. Fathers currently have a right to 2 weeks of ordinary paternity leave paid at £124.88 a week. For children born after 3 April 2011, fathers have also been able to access ‘additional paternity leave’ if the mother returns to work. This allows the father up to 26 weeks’ paternity leave from the 20th week of birth (if the mother returns to work) and any outstanding payments the mother has a statutory right to.

Table 13 **Situation 1: mother takes parental leave for 39 weeks and then returns to work; father takes 2 weeks of paternity leave**

Mother	6 weeks at 90% of wage	£2,370.6
	33 weeks at SMP rate (£124.88)	£4,121.04
	Total maternity pay for 39 weeks	£6,491.64
	Total wages for 39 weeks employment	£17,121
	Parental pay replacement rate	38%
	Lost earnings	£10,629.36
Father	2 weeks at ordinary paternity pay	£249.76
	Total paternity leave pay	£249.76
	Total wages for 2 weeks	£1,076
	Parental pay replacement rate	23%
	Lost earnings	£826.24

Table 14 **Situation 2: mother takes parental leave for 52 weeks and returns to work; father takes 2 weeks of paternity leave**

Mother	6 weeks at 90% of wage	2,370.6
	33 weeks at SMP rate (124.88)	£4,121.04
	13 weeks unpaid	0
	Total maternity pay for 52 weeks	£6,491.64
	Total wages for 52 weeks employment	£22,828
	Parental pay replacement rate	28%
	Lost earnings	£16,336.36
Father	2 weeks at ordinary paternity pay	£249.76
	Total paternity leave pay	£249.76
	Total wages for 2 weeks	£1,076
	Parental pay replacement rate	23%
	Lost earnings	£826.24

Table 15 **Situation 3: mother takes parental leave for 26 weeks and returns to work; father takes 2 weeks of paternity leave and the caring responsibilities from week 27 to 39 and then returns to work**

Mother	6 weeks' pay at 90% of wage	£2,370.6
	20 weeks at SMP rate (124.88)	£2,497.6
	Total maternity pay for 26 weeks	£4,868.2
	Total wages for 26 weeks' employment	£11,414
	Parental pay replacement rate	43%
	Lost earnings	£6,545.8
Father	2 weeks at statutory rate	£249.76
	13 weeks at OPP rate (124.88)	£1,623.44
	Total paternity pay for 15 weeks	£1,873.2
	Total wages for 15 weeks employment	£8,070
	Parental pay replacement rate	23%
Lost earnings	£6,196.8	

Table 16 **Situation 4: mother takes childcare benefit for 26 weeks and returns to work; father takes 2 weeks of paternity leave and the caring responsibilities from week 27 to 52 and then returns to work**

Mother	6 weeks' pay at 90% of wage	£2,370.6
	20 weeks at SMP rate (124.88)	£2,497.6
	Total maternity pay for 26 weeks	£4,868.2
	Total wages for 26 weeks employment	£11,414
	Parental pay replacement rate	43%
	Lost earnings	£6,545.8
Father	2 weeks at ordinary paternity pay	£249.76
	13 weeks at OPP rate (124.88)	£1,623.44
	13 weeks unpaid	
	Total paternity pay for 28 weeks	£1,873.2
	Total wages for 28 weeks employment	£15,064
	Parental pay replacement rate	12%
	Lost earnings	£13,190.8

Table 17 **Situation 5: Icelandic model - mother takes non-transferable 3 months, father takes non-transferable 3 months, mother taking 3 months shared leave**

Mother	13 weeks at 80% of wage	£4,565.6
	Total maternity pay	£9,131.2
	Wages for 26 weeks	11,414
	Parental pay replacement rate	80%
	Lost earnings	£2,282.8
Father	13 weeks at 80% of wage	£5,595.2
	Wages for 13 weeks	£6,994
	Parental pay replacement rate	80%
	Lost earnings	£1,398.8

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Over the last ten years, flexible working practices have become integrated into the economy – almost 60 per cent of employees currently use a form of flexible working. This Government has pledged to go even further – the right to flexible working for all was enshrined in the Coalition agreement – but it has vacillated in the face of pressure from the business lobby.

Reinventing the Workplace argues that it would be both economically short-sighted and socially irresponsible to roll back the progress made over the past decade, due to pressures in a time of economic uncertainty. The recession will not go on forever, whereas the need for flexible work has been a long time coming, as the care responsibilities of those in employment have increased with the growth of shared parenting, more mothers returning to work and an ageing population.

There is a business case for flexible work – employers benefit by lowering estate costs, retaining staff, increasing productivity and reducing absenteeism. It proved its worth at the height of the financial crisis, when cooperation between employers and employees minimised job losses. But flexible work also has clear, positive social outcomes. More involved parenting improves the life chances of children, a better work–life balance increases individual happiness, a more flexible workforce is more able to bear the burden of care, and the Big Society requires people to have more time to be active citizens.

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